

EMERGENCY TARIFF AND ANTIDUMPING

U. S. Congress, Senate.

HEARING

BEFORE THE

COMMITTEE ON FINANCE, UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS

FIRST SESSION

ON

H. R. 2435

AN ACT IMPOSING TEMPORARY DUTIES UPON CERTAIN AGRICULTURAL PRODUCTS TO MEET PRESENT EMERGENCIES, AND TO PROVIDE REVENUES; TO REGULATE COMMERCE WITH FOREIGN COUNTRIES; TO PREVENT DUMPING OF FOREIGN MERCHANDISE ON THE MARKETS OF THE UNITED STATES; TO REGULATE THE VALUE OF FOREIGN MONEY; AND FOR OTHER PURPOSES

APRIL 18, 19, 21, 22, 23, AND 26, 1921

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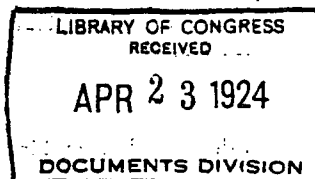
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EMERGENCY TARIFF AND ANTIDUMPING.

MONDAY, APRIL 18, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met in executive session in Room 310, Senate Office Building, pursuant to the call of the chairman, at 10.30 o'clock a. m., Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Curtis, Watson, Calder, and Simmons.

Present, also: Mr. John E. Walker, Chief of the Senate Branch of the Legislative Drafting Service.

The committee proceeded to the consideration of House bill 2435, which is in full as follows:

[H. R. 2435, Sixty-seventh Congress, first session.]

AN ACT Imposing temporary duties upon certain agricultural products to meet present emergencies, and to provide revenue; to regulate commerce with foreign countries; to prevent dumping of foreign merchandise on the markets of the United States; to regulate the value of foreign money; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I.

EMERGENCY TARIFF.

That on and after the day following the passage of this act, for the period of six months, there shall be levied, collected, and paid upon the following articles, when imported from any foreign country into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, and the islands of Guam and Tutuila), the rates of duty which are prescribed by this section, namely:

1. Wheat, 35 cents per bushel.
2. Wheat flour and semolina, 20 per centum ad valorem.
3. Flaxseed, 30 cents per bushel of fifty-six pounds.
4. Corn or maize, 25 cents per bushel of fifty-six pounds.
5. Beans, provided for in paragraph 197 of the act entitled, "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, 2 cents per pound.
6. Peanuts or ground beans, 3 cents per pound.
7. Potatoes, 25 cents per bushel of sixty pounds.
8. Onions, 40 cents per bushel of fifty-seven pounds.
9. Rice, cleaned, 2 cents per pound, except rice cleaned for use in the manufacture of canned foods, on which the rate of duty shall be 1 cent per pound; uncleaned rice, or rice free of the outer hull and still having the inner cuticle on, 1½ cents per pound; rice flour, and rice meal, and rice broken which will pass through a number twelve wire sieve of a kind prescribed by the Secretary of the Treasury, one-fourth of 1 cent per pound; paddy, or rice having the outer hull on, three-fourths of 1 cent per pound.
10. Lemons, 2 cents per pound.
11. Oils: Peanut, 20 cents per gallon; cottonseed, coconut, and soya bean, 20 cents per gallon; olive, 40 cents per gallon in bulk, 50 cents per gallon in containers of less than five gallons.
12. Cattle, 30 per centum ad valorem.

13. Sheep: One year old or over, \$2 per head; less than one year old, \$1 per head.
 14. Fresh or frozen beef, veal, mutton, lamb, and pork, 2 cents per pound. Meats of all kinds, prepared or preserved, not specially provided for herein, 25 per centum ad valorem.

15. Cattle and sheep and other stock imported for breeding purposes shall be admitted free of duty.

16. Cotton having a staple of one and three-eighths inches or more in length, 7 cents per pound.

17. Manufactures of which cotton of the kind provided for in paragraph 16 is the component material of chief value, 7 cents per pound, in addition to the rates of duty imposed thereon by existing law.

18. Wool, commonly known as clothing wool, including hair of the camel, angora goat, and alpaca, but not such wools as are commonly known as carpet wools: Unwashed, 15 cents per pound; washed, 30 cents per pound; scoured, 45 cents per pound. Unwashed wools shall be considered such as shall have been shorn from the animal without any cleaning; washed wools shall be considered such as have been washed with water only on the animal's back or on the skin; wools washed in any other manner than on the animal's back or on the skin shall be considered as scoured wool. On wool and hair provided for in this paragraph, which is sorted or increased in value by the rejection of any part of the original fleece, the duty shall be twice the duty to which it would otherwise be subject, but not more than 45 cents per pound.

19. Wool and hair of the kind provided for in paragraph 18, when advanced in any manner or by any process or manufacture beyond the washed or scoured condition, and manufactures of which wool or hair of the kind provided for in paragraph 18 is the component material of chief value, 45 cents per pound in addition to the rates of duty imposed thereon by existing law.

20. Sugars, tank bottoms, sirups of cane juice, melada, concentrated melada, concrete and concentrated molasses, testing by the polariscope not above seventy-five degrees, one and sixteen one-hundredths of 1 cent per pound, and for every additional degree shown by the polariscopic test, four one-hundredths of 1 cent per pound additional, and fractions of a degree in proportion; molasses testing not above forty degrees, 24 per centum ad valorem; testing above forty degrees and not above fifty-six degrees, 3½ cents per gallon; testing above fifty-six degrees, 7 cents per gallon; sugar drainings and sugar sweepings shall be subject to duty as molasses or sugar, as the case may be, according to polariscopic test.

21. Butter, and substitutes therefor, 6 cents per pound.

22. Cheese, and substitutes therefor, 23 per centum ad valorem.

23. Milk, fresh, 2 cents per gallon; cream, 5 cents per gallon.

24. Milk, preserved or condensed, or sterilized by heating or other processes, including weight of immediate coverings, 2 cents per pound; sugar of milk, 5 cents per pound.

25. Wrapper tobacco and filler tobacco when mixed or packed with more than 15 per centum of wrapper tobacco, and all leaf tobacco the product of two or more countries or dependencies when mixed or packed together, if unstemmed, \$2.35 per pound; if stemmed, \$3 per pound; filler tobacco not specially provided for in this section, if unstemmed, 35 cents per pound; if stemmed, 50 cents per pound.

The term "wrapper tobacco" as used in this section means that quality of leaf tobacco which has the requisite color, texture, and burn, and is of sufficient size for cigar wrappers, and the term "filler tobacco" means all other leaf tobacco.

26. Apples, 30 cents per bushel.

27. Cherries in a raw state, preserved in brine or otherwise, 3 cents per pound.

28. Olives, in solutions, 25 cents per gallon; olives, not in solutions, 3 cents per pound.

SEC. 2. The rates of duty imposed by section 1 (except under paragraphs 17 and 19) in the case of articles on which a rate of duty is imposed by existing law, shall be in lieu of such rate of duty during the six months' period referred to in section 1.

SEC. 3. After the expiration of the six months' period referred to in section 1, the rates of duty upon the articles therein enumerated shall be those, if any, imposed thereon by existing law.

SEC. 4. The duties imposed by this title shall be levied, collected, and paid on the same basis, in the same manner, and subject to the same provisions of law, including penalties, as the duties imposed by such act of 1913.

SEC. 5. That this title shall be cited as the "Emergency Tariff Act."

TITLE II.

ANTIDUMPING.

SEC. 201. That the term "United States" wherever used in this title shall mean the United States and any Territory or place subject to the jurisdiction thereof, except the Philippine Islands, the islands of Guam and Tutuila, the Virgin Islands, and the Panama Canal Zone.

SEC. 202. That the term "person," wherever used in this title, means and includes any individual, partnership, corporation, association, or other body.

SEC. 203. That the term "foreign home value," wherever used in this title, means the value plus the cost, when not included in such value, of packing and packing charges, at which such or similar merchandise comparable therewith in material, quality and use is freely offered for sale in the principal market or markets of the country of exportation for consumption or use in said country in the ordinary course of trade and in the usual or fair average wholesale quantities that the same kind or class provided for in this title is freely offered for sale in the United States, and shall not include any excise tax levied against such merchandise.

SEC. 204. That the words "the value to countries other than the United States," wherever used in this title, mean the value plus the cost, when not included in such value, of packing and packing charges at which such or similar merchandise comparable therewith in material, quality, and use is freely offered for exportation to countries other than the United States, in the principal market or markets of the country of exportation, in the ordinary course of trade and in the usual or fair average wholesale quantities that the same kind or class provided for in this title is sold in the United States: *Provided*, That any import duties rebated or not paid by reason of the exportation of such merchandise from the country of production or sale to the country other than the United States shall be added to the export price.

SEC. 205. That the term "cost of production" wherever used in this title means the cost of labor and material of the merchandise exported to the United States at the time of production, plus the actual general expenses and a profit which is usually and ordinarily added to the cost of labor, material, packing charges, and general expenses by manufacturers in the country of production of merchandise similar in material and production or manufacture.

SEC. 206. That the term "sales price" wherever used in this title means—

(a) The price plus the cost, when not included in such price, of the package and the packing charges at which the person in the foreign country or his agent sells the merchandise to the person in the United States or his agent: *Provided*, That the person in the United States has no financial or other interest in the business of the person in the country of exportation shipping or selling the merchandise to the person in the United States.

(b) If it shall appear to the satisfaction of the appraiser, or the person acting as such, that the person in the United States, buying directly or through his agent in the United States or through a foreign agent, has any financial or other interest in the business of the person in the country of exportation shipping or selling the merchandise to the person in the United States, the appraiser or the person acting as such will secure from the person in the United States his sale price in the United States of the imported merchandise plus the cost, when not included in such price, of the package and the packing charges, and compare this price after due allowance has been made for all expenses included in said price incurred from the place of manufacture or purchase in the foreign country to the place of delivery in the United States with the sales price that the person importing the merchandise pays or has agreed to pay to the foreign shipper, manufacturer, or owner and report to the collector as the sales price the lower of the two.

(c) If the merchandise imported into the United States has been procured from the foreign owner, manufacturer, or shipper otherwise than by purchase, the sales price plus the cost, when not included in such price, of the package and the packing charges, will be the price at which the person importing the merchandise sells or agrees to sell the merchandise in the United States plus the cost, when not included in such price, of the package and the packing charges, packed ready for shipment, either prior or subsequent to the date of importation, less all expenses, included in said price incurred from the place of shipment or manufacture in the foreign country to the place of delivery in the United States.

SEC. 207. That whenever merchandise, whether dutiable or free, is exported to the United States, of a kind or class identical or comparable in material, quality, or use with a kind or class made or produced wholly or in part in the United States, or with a kind or class sold in competition with merchandise made or produced wholly or in

part in the United States, and the sales price of any such is less than the foreign home value, or in the absence of such value is less than the value to countries other than the United States, or in the absence of both such values is less than the cost of production, there shall be levied, collected, and paid in addition to the duties on imported merchandise prescribed by law a special duty in an amount equal to the difference, at the time of exportation, between the said sales price and the foreign home value or the value in the countries other than the United States or the cost of production, whichever may be the highest, as the case may be: *Provided*, That whenever the sales price of merchandise imported into the United States, which has been procured from the foreign owner, manufacturer, shipper, or agent otherwise than by purchase, is not at the time of entry for consumption fixed or agreed to be fixed and determined, a bond shall be given under regulations to be prescribed by the Secretary of the Treasury, conditioned that upon and as soon as the sales price thereof shall be fixed and determined by bona fide sale or agreement for sale, notice shall be given and evidence thereof submitted that the additional duties herein provided will, as ascertained, fixed, and liquidated, be paid: *Provided further*, That no sale or pretended sale or sales shall be held to establish "value" as herein provided; and that to constitute any such, having regard to the customs and usages of trade, there must be a reasonably extended and continued course of sales in substantial wholesale quantities sold or offered for sale to all purchasers on equal terms under like conditions.

Sec. 208. That the appraiser, or the person acting as such, shall report and return to the collector his "decision" as to the foreign home value, or the value to countries other than the United States, or the cost of production, as the case may be, and the sales price. That the collector or person acting as such shall ascertain, fix, and liquidate the amount of additional duties herein provided, which action shall be deemed and held to be the "decision" of the collector.

Sec. 209. That the provisions of section 3 of an Act entitled "An Act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, and of the Judicial Code, relating to the authority, duties, and decisions of appraising officers, general appraisers, and appeals from the decisions thereof, and of the Board of General Appraisers, and to the duties and decisions of collectors, protests of the decisions thereof, and to appeals from the decisions of a board of general appraisers to the United States Court of Customs Appeals shall be, and the same are hereby, made applicable to the "decision" of the appraiser and collector by this title authorized and provided.

Sec. 210. That if any person engaged in the manufacture, production, or importation of merchandise into the United States or engaged in dealing in such imported merchandise, directly or indirectly, shall fail or refuse to submit for inspection of a duly accredited investigating officer of the United States upon request so to do from or by the collector, appraiser, general appraiser, Board of General Appraisers, or any person duly acting as or for such, or any other officer of the United States customs duly authorized by law, any or all of his books or records, accounts, documents, or other papers pertaining to the value or classification of any such imported merchandise, then the Secretary of the Treasury, while such failure or refusal continues, shall direct the collector of customs to withhold delivery of the particular importation the subject of investigation and also prohibit the future importation of any merchandise into the United States, directly or indirectly, by or for the individuals, partnerships, corporations, or associations, their agents or representatives, so refusing, and by or for the particular individuals, partnerships, corporations, or associations, their agents or representatives, importing the particular merchandise into or exporting the same to the United States, and if the importer or his agent shall continue to refuse to comply with the requirements of this title for a period of one year from the date of importation, the collector shall cause the imported merchandise to be sold at public auction as in the case of seized goods.

Sec. 211. That the statement accompanying the invoice, or statement in the form of an invoice, of merchandise described in section 207 of this title, shall contain, in addition to the facts and details required by existing law, the foreign home value, or, in the absence of such value, the value to countries other than the United States, or, in the absence of both such values, the cost of production, as the case may be. That the declaration to be filed with and as a part of the entry shall set forth, in addition to the facts and details required by existing law, whether or not the merchandise has been sold or agreed to be sold; and if so, to whom, the place where, the time when, and price at which said merchandise was sold or agreed to be sold.

Sec. 212. That if any person engaged in the manufacture, production, or importation of merchandise into the United States shall give or receive a rebate or concession from the sales price, whereby the United States shall be deprived of the lawful duties or any portion thereof accruing upon the merchandise or any portion thereof, with-

out notifying the collector of such rebate or concession from the sales price, either at time of entry or afterwards, he shall upon conviction be fined for each offense a sum not exceeding \$5,000 or be imprisoned for a time not exceeding two years, or both, in the discretion of the court; and the collector of customs, or the person acting as such, at the port where such merchandise shall have been entered shall have the power, and is hereby authorized, to reliquidate such entry and assess duty, as provided by this title or by existing law, upon such merchandise, and any provision of existing law inconsistent with this provision is hereby accordingly amended.

SEC. 213. That the special duty herein provided for shall be treated in all respects as regular customs duties within the meaning of sections 2977 and 3015 of the Revised Statutes and paragraph O of section 4 of the tariff act of October 3, 1913, and all other statutes providing for drawback customs duties upon exportation of imported merchandise or articles manufactured or produced in the United States with the use of imported merchandise.

SEC. 214. That section 25 of an act entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August 27, 1894, be, and is hereby, amended by adding thereto a further proviso, so as to read, when so amended, as follows:

"SEC. 25. That the value of foreign coin as expressed in the money of account of the United States shall be that of the pure metal of such coin of standard value; and the values of the standard coins in circulation of the various nations of the world shall be estimated quarterly by the Director of the Mint and be proclaimed by the Secretary of the Treasury immediately after the passage of this act and thereafter quarterly on the 1st day of January, April, July, and October in each year. And the values so proclaimed shall be followed in estimating the value of all foreign merchandise exported to the United States during the quarter for which the value is proclaimed, and the date of the consular certification of any invoice shall, for the purposes of this section, be considered the date of exportation: *Provided*, That the Secretary of the Treasury may order the reliquidation of any entry at a different value, whenever satisfactory evidence shall be produced to him showing that the value in United States currency of the foreign money specified in the invoice was at the date of certification at least 10 per centum more or less than the value proclaimed during the quarter in which the consular certification occurred: *Provided further*, That in the estimation and liquidation of duties upon any imported merchandise the collector of customs, or person acting as such, shall not in any case estimate the depreciation in currency at more than 66⅔ per centum."

SEC. 215. That this title shall be cited as the "Antidumping act."

SEC. 216. That the secretary of the Treasury is authorized and directed to prescribe such rules and regulations as may be necessary for the enforcement of this title.

Passed the House of Representatives April 15, 1921.

Attest:

WM. TYLER PAGE,
Clerk.

The CHAIRMAN, Mr. Walker, the committee is in executive session and has before it House bill 2435. Will you please proceed and state in your own way, briefly as may be, the principal provisions of the bill, making such explanations and suggestions as you deem helpful?

STATEMENT OF MR. JOHN E. WALKER, CHIEF, LEGISLATIVE DRAFTING SERVICE, UNITED STATES SENATE.

Mr. WALKER. The bill defines dumping to be the sale of identical or comparable imported merchandise by a foreign producer or exporter for exportation to the United States at less than (1) the foreign selling price for home consumption; or (2) if there is no such price, at less than the foreign selling price for export to countries other than the United States; or (3) if there is neither of the aforementioned foreign selling prices, then at less than the cost of production of the imported merchandise.

In order to constitute dumping the imported merchandise must be of a kind or class identical or comparable in material, quality, or use with (1) a kind or class made or produced wholly or in part

in the United States, or (2) a kind or class sold in competition with merchandise made or produced wholly or in part in the United States.

It appears that before the foreign selling price for home consumption or for exportation to foreign countries other than the United States can be used, the merchandise must be sold in the same usual wholesale quantities for such purposes as in the case of sales in the United States. It is stated that in many cases merchandise is sold in larger wholesale quantities in the principal markets of the United States than in the case of wholesale sales abroad to other countries or in the country of production and that in such cases it would be necessary to determine the cost of production because the merchandise was not sold in the United States in similar wholesale quantities. It has been suggested that a provision could be incorporated in the bill authorizing proper adjustments in the foreign market value in such cases. See section 202, subdivisions (b) and (c) of proposed alternative draft.

Senator SIMMONS. Are there three alternative steps in determining the special dumping duty?

Mr. WALKER. There are three steps, Senator.

First. If the merchandise is sold in like wholesale quantities in the country of production for consumption in that country and in America, the difference between such selling prices is the additional duty imposed.

The second step is, if there is not such a selling price for home consumption, then the dumping duty is the difference between the selling price in the country of production for export to countries other than the United States and the price at which it is sold to the United States purchaser.

The third step is, if the article is only sold for export to the United States, then the dumping duty is the difference between the cost of production in the foreign country and the selling price for export to the United States.

Senator SMOOT. Does it apply also to the free list?

Mr. WALKER. It applies to both dutiable and free articles.

Senator SIMMONS. Is this dumping duty added?

Mr. WALKER. It is in addition to the duties imposed under existing law.

Senator McCUMBER. Do you include in the cost of production a reasonable profit?

Mr. WALKER. That is provided for in the bill and also in the cost-of-production definition under existing law.

Senator SMOOT. In respect of the free list, explain how it operates on the goods coming in on that basis.

Mr. WALKER. In the case of goods on the free list, no duty is imposed under existing law, and the only duty in such cases would be the special dumping duty.

Senator SMOOT. What would that be?

Mr. WALKER. The duty is the difference between (1) the selling price for home consumption in the country of production, or (2) the selling price for export to countries other than the United States, or (3) the cost of production, as the case may be, and the selling price for export to America.

Senator McCUMBER. If there is no difference, there is no duty?

Mr. WALKER. That is correct.

Senator McCUMBER. We are basing it on the cost of production, as I understand it, where there is no fixed market price in the country of production for home consumption or no exportation from the country of production to countries other than the United States.

Mr. WALKER. Yes, sir.

Senator McCUMBER. You say in the definition of the cost of production a reasonable profit is allowed?

Mr. WALKER. Yes, sir.

Senator McCUMBER. Who determines what is the reasonable profit?

Mr. WALKER. It would be necessary for a special agent of the United States to determine that from the books of the foreign producer, and as the bill is drafted now, the definition requires the determination of the cost of production of the specific article imported.

Senator SIMMONS. Did I understand, Mr. Walker, that this principle was only to be invoked where there was no similar market price in the country of production?

Mr. WALKER. That is true.

Senator SIMMONS. And where there was no export price to a country other than the United States?

Mr. WALKER. That is true.

Senator SIMMONS. The question arises in my mind, who is, in a case like that, to determine the reasonable profit. I understand you to say it is an administrative officer of the United States, but is not that a very dangerous discretion to impose in the administrative officer without any rules or standards of measure?

Mr. WALKER. As the bill is drafted now, it is necessary to determine the cost of materials and labor, the other general expenses, overhead and the like, and the usual profit in the manufacture of such articles. It is not drafted in quite as liberal a manner as the method provided for determining the cost of production under the present customs administrative act.

Senator SIMMONS. But you give the administrative agency who is to determine what is the reasonable profit no rule to measure reasonable profit by; it is absolutely arbitrary.

Senator SMOOR. Only under regulations as provided in the bill, as promulgated by the Secretary of the Treasury.

Mr. WALKER. There is one other qualification to use as a guide in determining the usual profit: The bill provides that an amount is to be added for profit which is usually added by manufacturers producing similar materials or similar merchandise.

The CHAIRMAN. I do not want to be discourteous, and I hope the committee will pardon the suggestion, but I am impressed with the fact that often the purpose of hearings is destroyed by the committee marring the statement of the witness by interrupting him. So far as possible I appeal to the committee, would it not be better to reserve questions until the witness is through and then ask him all the questions desired by members? I hope Mr. Walker will be permitted to go ahead and then members of the committee ask him all the questions desired.

Senator SIMMONS. I am perfectly willing to conform myself to the suggestion which the chairman makes, but I believe in making these fundamental statements about the rule of measuring the duty

that is to be imposed, that it would be more apt to get at it in an understandable way by asking Mr. Walker questions now than it would be to let him go on and then hark back to it. But I have no objection to following the suggestion the chairman makes.

Mr. WALKER. The first question that arises is a question of policy as to whether or not the antidumping title should be applied to all merchandise. As the bill is drafted now it is the duty of the appraisers to look for dumping in the case of every importation of merchandise, whether there is dumping or not.

In the case of all consignment sales—that is, sales in which the selling price is not agreed upon until after the article is entered in the United States—the importer must give bonds that in case an antidumping duty is imposed that he will later pay the additional duty. The question immediately arises whether or not some administrative officer like the Secretary of the Treasury should have authority to direct the appraising officer to apply the antidumping title when the Secretary finds that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of foreign merchandise, and that such merchandise is being sold or is likely to be sold in the United States at less than its fair value.

To require the appraisers to look for dumping in the case of every importation is going to put a very heavy administrative burden upon the force of the customs service.

Section 203, foreign home value: The term “foreign home value” is defined to mean the value at which the imported merchandise or similar merchandise is freely offered for sale in the principal market or markets of the country of exportation for consumption or use in such country in the ordinary course of trade and in the usual or fair average wholesale quantities in which the same kind or class of merchandise is freely offered for sale in the United States. The section also provides that such value shall not include any excise tax levied against such merchandise. It is suggested that the term “foreign market value” would be more descriptive than the term “foreign home value” and that the term should be defined to be the price at which such or similar merchandise is sold or freely offered for sale, etc. It appears that the term “fair average wholesale quantities” used in line 11, page 7, of the bill would be difficult of application and that the term “usual wholesale quantities” would be sufficient.

Section 203 excludes from the “foreign home value” any excise tax levied against such merchandise. It would seem that this term should be made more definite by deducting “any amount attributable to any tax imposed in the country of exportation upon the seller in respect of the sale of the merchandise.” See section 205 of the proposed alternative draft.

Section 204, value to countries other than the United States: The words “the value to countries other than the United States” are defined to mean the value at which the imported merchandise or similar merchandise comparable therewith in material, quality, and use is freely offered for exportation to countries other than the United States in the principal market or markets of the country of exportation in the ordinary course of trade and in the usual or fair average wholesale quantities in which the same kind or class of merchandise is sold in the United States.

It would seem that section 204 should be incorporated in section 203 and that the term "foreign market value" is more descriptive than "the value to countries other than the United States." The term "foreign market value" could be made to apply to the selling price of the merchandise when such or similar merchandise is sold in the usual wholesale quantities in the country of production, and if not so sold therein, then it could be made to apply to sales of the merchandise to countries other than the United States." Sections 203 and 204 also refer to the "value" of the merchandise sold when it appears that the "selling price" is meant. It has been suggested that, in cases in which the merchandise is sold prior to exportation, the selling price at such time of such or similar merchandise should be the basis upon which the dumping duty is determined and in all other cases the selling price at the time of exportation. It would also seem that sections 203 and 204 should be broadened to cover merchandise "sold" as well as "offered for sale." See section 205 of the proposed alternative draft.

Section 205, cost of production: The term "cost of production" is defined to include the labor and material costs of the imported merchandise at the time of production plus the actual general expenses and profit which is usual and ordinarily added to the cost of labor, material, packing charges, and general expenses by manufacturers in the country of production of merchandise similar in material and production or manufacture.

Section 205 does not seem to include in the "cost of production" the cost of containers and coverings. It also leaves out the safeguards now included in paragraph L of the customs administrative act providing (1) that in any case in which it is impossible satisfactorily to determine general expenses attributable to the manufacture of the imported merchandise, such expense shall not be estimated at an amount less than 10 per cent of the cost; and (2) that the addition to the cost for profit shall not be less than 8 per cent of the cost. It is stated that these minimum provisions have proved very helpful in the past.

This section is limited to the determination of the cost of production of the imported merchandise. It would seem that it would be preferable to require only the determination of the cost of production of identical or substantially identical merchandise at a time preceding the date of shipment of the imported merchandise which would permit the manufacture or production of the imported merchandise in the usual course of business. See section 206 of the proposed alternative draft.

Section 206, sales price: The term "sales price" is defined to mean the selling price of the imported merchandise at which the person in the foreign country or his agent sells the merchandise to a person in the United States or his agent.

This section is intended to cover three classes of sales: (1) Sale by the foreign seller to the person by whom or for whose account the merchandise is imported; (2) the sale by the seller in the foreign country to his agent in this country in which he has a direct or indirect control or vice versa; and (3) consignment sales. Subdivision (b), section 206, merely states that if it appears to the appraiser that the person in the United States buying directly or through his agent in the United States or through a foreign agent has any financial or

other interest in the business of the person in the country of exportation the appraiser shall secure from the person selling such merchandise in the United States his sales price and compare this price after making proper allowances for expenses included in such price, incurred from the place of manufacture or production in the foreign country to the place of delivery in the United States with the sales price that the person importing the merchandise pays or has agreed to pay the foreign shipper, manufacturer, or owner and report the lower of the two prices to the collector as the sales price. This subdivision does not seem broad enough as it does not apply in cases in which the foreign concern sells to an agency in the United States in which it has direct or indirect control.

It is suggested that a provision be incorporated in the antidumping title to specifically cover all possible cases of sales of imported merchandise by a foreign agency having direct or indirect control of an agency in the United States importing the merchandise or for whom the merchandise is imported and vice versa. It is also suggested that the exporters' sales price in such cases should be specifically defined to be the selling price of the merchandise in the United States less the amount, if any, included in such price attributable to any costs, charges, and expenses incident to bringing the merchandise from place of shipment to place of delivery in the United States, any commissions for selling the merchandise in the United States and an amount equal to the expenses, if any, generally incurred by a foreign exporter in selling identical or substantially identical merchandise. See sections 203, 204, and 207 of the proposed alternative draft.

Section 207, special dumping duty: As already stated, this section imposes a special dumping duty upon all imported merchandise, whether dutiable or free, of a kind or class identical or comparable in material, quality, or use (1) with a kind or class made or produced wholly or in part in the United States, or (2) with a kind or class sold in competition with merchandise made or produced wholly or in part in the United States, (1) if the sales price to a United States purchaser is less than the foreign home value; (2) or in the absence of a foreign home value, if the sales price to a United States purchaser is less than the value to countries other than the United States; (3) or in absence of either a foreign home value or a selling value to countries other than the United States, if the sales price to a United States purchaser is less than the foreign cost of production.

In line 19, page 10, there appears to be a conflict with the remainder of the section. While the section prior to line 19 says you must take one of the three values as a basis, line 19 says you must take whichever may be the highest. It would seem that the words "whichever may be the highest" should be stricken from the bill.

The term "at the time of exportation," in lines 16 and 17 on page 10 of this section, appear impossible of administration because in many cases, especially in the case of all consignment sales, the purchase price will not be determined at the time of exportation. It would seem that these words should also be eliminated. See subdivision (a) of section 202 of proposed alternative draft.

With the exception of section 214, the remaining sections relate to the duties of the appraisers and the Board of General Appraisers and the Court of Customs Appeals, and also to the opening of books in order to determine the United States sales prices and the cost of

production and the like. These sections can probably be clarified somewhat.

Section 208, duty of appraiser and collector: This section requires the appraiser or any person acting as such to report to the collector his decision as to the foreign home value or the value of countries other than the United States or the cost of production as the case may be, and the sales price. This section also requires the collector or person acting as such to ascertain, fix, and liquidate the amount of the special dumping duties. (See section 211 of proposed alternative draft.)

Section 209, appeals and protests: This section provides that the provisions of existing law are made applicable to the decisions of the appraiser and collector as to the foreign home value or the value to countries other than the United States or the cost of production or the sales price under the provisions of this act. (See section 212 of proposed alternative draft.)

Section 210, inspection of importers' and exporters' books: This section provides that if any person engaged in the manufacture, production, or importation of merchandise into the United States or engaged in dealing in such imported merchandise directly or indirectly fails or refuses to submit for inspection of any officer of the United States any or all of his books or records, accounts, documents or other papers, pertaining to the value or classification of any such imported merchandise, the Secretary of the Treasury, while such failure or refusal continues, shall direct the collector of customs to withhold delivery of the particular importation and also prohibit the future importation of any merchandise into the United States directly or indirectly by or for the individuals, partnerships, corporations or associations, their agents or representatives so refusing and by or for the particular individuals, partnerships, corporations or associations, their agents or representatives importing the particular merchandise into the United States. This section also provides that if the importer or his agent continues to refuse to comply with the aforementioned requirements for a period of one year the collector shall cause the imported merchandise to be sold at public auction as in the case of seized goods.

It has been suggested that section 210 should be divided into two sections one relative to the inspection of the exporter's books and the other to the inspection of importer's books and a reasonable period of time fixed for the exporter or importer to permit the inspection before the Secretary shall prohibit importations of the exporter's merchandise or prohibit further importations by the importer. It has also been suggested that the duly accredited officers of the United States should have authority to examine papers and correspondence of the exporter and importer, as the case may be. See sections 214 and 215 of proposed alternative draft.

Section 211, statements at time of entry: This section requires the invoice in the case of imported merchandise to contain in addition to the information required by existing law the foreign home value, or, in the absence of such value, the value to countries other than the United States, or, in the absence of both such values, the cost of production. This section also requires that the declaration to be filed with the invoice at the time of entry shall contain

in addition to the facts required by existing law whether or not the merchandise has been sold or agreed to be sold, and if so, to whom and the place where, the time when and the price at which, such merchandise was sold or agreed to be sold. See sections 208 and 209 of proposed alternative draft.

Section 212, rebates: This section provides that if any person engaged in the manufacture, production, or importation of merchandise into the United States shall give or receive a rebate or concession from the sale price whereby the United States shall be deprived of the dumping duty, or any portion thereof, accruing on the merchandise, or any portion thereof, without notifying the collector of such rebate or concession, such person shall, upon conviction, be fined for each offense a sum not exceeding \$5,000, or be imprisoned for a time not exceeding two years, or both, in the discretion of the court.

This section authorizes the collector to reliquidate such entry and assess a special dumping duty upon such merchandise.

This section is not deemed necessary if the foreign exporters' sales price is defined as suggested in section 204 of the proposed alternative draft and section 210 of the alternative draft, relating to oaths and bonds, is adopted.

Section 213, drawbacks: This section provides that the special dumping duty shall be treated in all respects as regular customs duties within the meaning of all laws relating to the drawback of customs duties. See section 213 of proposed alternative draft.

Section 214 relates to the conversion of depreciated foreign currency.

The CHAIRMAN. Are you going to take up the conversion of currency now?

Mr. WALKER. Yes.

The CHAIRMAN. I would like you to suspend a minute in order to ask whether the committee have any questions about the dumping title.

Senator SIMMONS. I think if we had possession of the transcript of Mr. Walker's statement to study a little we would discover there are a good many questions about points that right now would not occur.

Senator McLEAN. If he would itemize what he recommends and prepare a bill as he thinks it should be amended that would be helpful.

The CHAIRMAN. As I understand this, Senator, Mr. Walker, as draftsman appointed by the Vice President, will, under our rule, prepare amendments to be submitted to the committee. He is now simply making a brief statement of whether he thinks the bill is practicable.

The CHAIRMAN. Does Judge De Vries desire to be heard on the dumping title?

Mr. WALKER. He desires to give you any information you may desire.

The CHAIRMAN. Before we go on to the conversion of currency section, had we not better exhaust the dumping subject?

Senator WATSON. Certainly by proceeding on one we will forget all about the other. I would myself like to ask several questions.

Mr. McCUMBER. In other words, the conversion of currency section is a part of the antidumping title?

The CHAIRMAN. It works in with it, of course.

Senator SMOOT. The way they have it here, it does. I would like Mr. Walker to suggest amendments, and then when we meet we can proceed with knowledge.

Senator McCUMBER. It might be, Mr. Chairman, that Mr. Walker could make the suggested amendments after we have heard the Judge on the same subject. The Judge might suggest some change he would want to make. It seems to me that before he makes up his amendments that he better have the advantage of what Judge De Vries may want to say on the subject.

Mr. WALKER. Section 214 amends section 25 of the tariff act of August 27, 1894, by merely adding the proviso which appears on page 16, lines 3 to 7. The effect of that proviso is that it limits the depreciated currency in the case of Germany and some other countries to two-thirds of the standard value; for instance, while the German mark is now down to less than 2 cents, and the original value is 23.8, in no instance under this provision can the value for computing the duty in the case of imports from Germany be computed on a value less than approximately 8 cents, which is one-third of 23.8; and in the case of other countries instead of taking the full depreciation of currency as the basis, the bill limits it to two-thirds of the standard value.

To illustrate the application of this proviso the report of the Ways and Means Committee upon this bill gives the following example:

The German mark is now worth, let us say, 2 cents in our money. As a matter of fact, its exchange value is less than 2 cents, while the gold value of the German mark is 23.8 cents. Two German marks will purchase in the home markets of Germany a quantity of goods which when exported to and delivered into this country are in some instances valued at and sold for a sum ten times greater. Under existing law, however, we collect duties only upon the exchange value of the mark, to wit, upon 2 cents. This would result on an invoice for 1,000 marks in the collection of only \$5 in duty upon a 25 per cent ad valorem basis, whereas when the depreciated currency is limited as proposed in this bill, 1,000 marks would equal \$80 and the duty collected would be \$20.

The CHAIRMAN. Will you prepare a draft covering the amendments suggested by you and add it to the notes of this hearing?

Mr. WALKER. Yes, sir.

Senator SMOOT. Do you remember whether in the discussion in the House the question of the favored-nation clause was brought up in relation to the currency provision?

Mr. WALKER. I do not think it was.

The CHAIRMAN. Judge De Vries is mainly responsible, as far as I can find, for this sudden departure from the original program. If Mr. Walker is through we might have these other gentlemen come in and hear them.

(Thereupon, at 11:20 o'clock a. m., the committee, having concluded its executive session, proceeded to further hearings in public session.)

ALTERNATIVE PROPOSAL FOR TITLE II OF H. R. 2435 TO PREVENT
THE DUMPING OF FOREIGN MERCHANDISE ON THE MARKETS OF
THE UNITED STATES.

TITLE II.—ANTIDUMPING.

DUMPING INVESTIGATION.

SEC. 201. (a) Whenever the Secretary, after such investigation as he deems necessary, finds that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of a class or kind of foreign merchandise, and that merchandise of such class or kind is being sold or is likely to be sold in the United States or elsewhere at less than its fair value, then he shall make such finding public to the extent he deems necessary, together with a description of the class or kind of merchandise to which it applies in such detail as may be necessary for the guidance of the appraising officers.

(b) The powers and duties conferred or imposed upon the Secretary by this section may be exercised by him through such agency or agencies as he may designate.

SPECIAL DUMPING DUTY.

SEC. 202. (a) In the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and which is imported to the United States on or after the day such finding has been so made public, if the purchase price or the foreign exporter's sales price is less than the foreign market value (or, in the absence of such value, than the cost of production) there shall be levied, collected, and paid, in addition to the duties imposed thereon by law, a special dumping duty in an amount equal to such difference.

(b) If it is established to the satisfaction of the appraising officers, under regulations prescribed by the Secretary, that the amount of such difference between the purchase price and the foreign market value is wholly or partly due to the fact that the wholesale quantities, in which such or similar merchandise is sold or freely offered for sale to all purchasers for exportation to the United States in the ordinary course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then under regulations prescribed by the Secretary, the foreign market value shall for the purposes of this section be decreased accordingly.

(c) If it is established to the satisfaction of the appraising officers, under regulations prescribed by the Secretary, that the amount of such difference between the foreign exporter's sales price and the foreign market value is wholly or partly due to the fact that the wholesale quantities, in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of

the United States in the ordinary course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then under regulations prescribed by the Secretary, the foreign market value shall for the purposes of this section be decreased accordingly.

PURCHASE PRICE.

SEC. 203. For the purposes of this title, the purchase price of imported merchandise shall be the price at which such merchandise has been purchased or agreed to be purchased, prior to the time of exportation, by the person by whom or for whose account the merchandise is imported, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price, attributable to any costs, charges, and expenses incident to bringing the merchandise from the place of shipment to the place of delivery in the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

FOREIGN EXPORTER'S SALES PRICE.

SEC. 204. For the purposes of this title the foreign exporter's sales price of imported merchandise shall be the price at which such merchandise is sold or agreed to be sold in the United States, before or after the time of importation, by or for the account of the foreign exporter, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less (1) the amount, if any, included in such price, attributable to any costs, charges, and expenses incident to bringing the merchandise from the place of shipment to the place of delivery in the United States, (2) the amount of the commissions, if any, for selling in the United States the particular merchandise under consideration, and (3) an amount equal to the expenses, if any, generally incurred by or for the account of the foreign exporter in the United States in selling identical or substantially identical merchandise; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

FOREIGN MARKET VALUE.

SEC. 205. For the purposes of this title the foreign market value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country from which exported, in the usual

wholesale quantities and in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States, except that (1) there shall be excluded the amount, if any, included in such foreign market value attributable to any tax imposed in the country of exportation upon the seller in respect to the sale of the merchandise; and (2) in the case of merchandise purchased or agreed to be purchased by the person by whom or for whose account the merchandise is imported, prior to the time of exportation, the foreign market value shall be ascertained as of the date of such purchase or agreement to purchase.

COST OF PRODUCTION.

SEC. 206. For the purposes of this title the cost of production of imported merchandise shall be the sum of—

(1) The cost of materials of, and of fabrication, manipulation, or other process employed in manufacturing or producing, identical or substantially identical merchandise, at a time preceding the date of shipment of the particular merchandise under consideration which would ordinarily permit the manufacture or production of the particular merchandise under consideration in the usual course of business;

(2) The usual general expenses (not less than 10 per centum of such cost) in the case of identical or substantially identical merchandise;

(3) The cost of all containers and coverings, and all other costs, charges, and expenses incident to placing the particular merchandise under consideration in condition, packed ready for shipment to the United States; and

(4) An addition for profit (not less than 8 per centum of the sum of the amounts found under paragraphs (1) and (2)) equal to the profit which is ordinarily added, in the case of merchandise of the same general character as the particular merchandise under consideration, by manufacturers or producers in the country of manufacture or production who are engaged in the same general trade as the manufacturer or producer of the particular merchandise under consideration.

FOREIGN EXPORTER.

SEC. 207. For the purposes of this title the foreign exporter of imported merchandise shall be the person by whom or for whose account the merchandise is imported into the United States:

(1) If such person is the agent or principal of the exporter, manufacturer, or producer;

(2) If such person owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in the business of the exporter, manufacturer, or producer;

(3) If the exporter, manufacturer, or producer owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in any business conducted by such person; or

(4) If any person or persons, jointly or severally, directly or indirectly, through stock ownership or control or otherwise, own or control in the aggregate 20 per centum or more of the voting power or control in the business carried on by the person by whom or for whose account the merchandise is imported into the United States, and also 20 per centum or more of such power or control in the business of the exporter, manufacturer, or producer.

STATEMENTS IN INVOICE.

SEC. 208. All invoices of imported merchandise, and all statements in the form of an invoice, in addition to the statements required by the law in existence at the time of the enactment of this act, shall contain the foreign market value, and such other statements as the Secretary may by regulation prescribe.

STATEMENTS AT TIME OF ENTRY.

SEC. 209. The owner, importer, consignee, or agent, making entry of imported merchandise, shall set forth upon the invoice, or statement in the form of an invoice, and in the entry, in addition to the statements required by the law in existence at the time of the enactment of this act, such statements, under oath if required, as the Secretary may by regulation prescribe.

OATHS AND BONDS ON ENTRY.

SEC. 210. In the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and which is imported into the United States on or after the day such finding has been so made public, unless the person by whom or for whose account such merchandise is imported makes oath before the collector, under regulations prescribed by the Secretary, that he is not a foreign exporter, or unless such person declares under oath at the time of entry, under regulations prescribed by the Secretary, the foreign exporter's sales price of such merchandise, it shall be unlawful for the collector to deliver the merchandise until such person has made oath before the collector, under regulations prescribed by the Secretary, that the merchandise has not been sold or agreed to be sold by such person, and has given bond to the collector, under regulations prescribed by the Secretary, with sureties approved by the collector, in an amount equal to the estimated value of the merchandise, conditioned: (1) that he will report to the collector the foreign exporter's sales price of the merchandise within 30 days after such merchandise has been sold or agreed to be sold in the United States, (2) that he will pay on demand from the collector the amount of special dumping duty, if any, imposed by this title upon such merchandise, and (3) that he will furnish to the collector such information as may be in his possession and as may be necessary for the ascertainment of such duty, and will keep such records as to the sale of such merchandise as the Secretary may by regulation prescribe.

DUTIES OF APPRAISERS.

SEC. 211. In the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201 and which is imported to the United States on or after the day such finding has been so made public, it shall be the duty of each appraiser or person acting as appraiser, by all reasonable ways and means to ascertain, estimate, and appraise and report to the collector the foreign market value or the cost of production, as the case may be, the purchase price, and the foreign exporter's sales price, and any other facts which the Secretary may deem necessary for the purposes of this title.

APPEALS AND PROTESTS.

SEC. 212. For the purposes of this title the determination of the appraiser or person acting as appraiser as to the foreign market value or the cost of production, as the case may be, the purchase price, and the foreign exporter's sales price, and the action of the collector in assessing special dumping duty shall have the same force and effect and be subject to the same right of appeal and protest, under the same conditions and subject to the same limitations; and the general appraisers, the Board of General Appraisers, and the Court of Customs Appeals shall have the same jurisdiction, powers, and duties in connection with such appeals and protests as in the case of appeals and protests relating to customs duties under existing law.

DRAWBACKS.

SEC. 213. The special dumping duty imposed by this title shall be treated in all respects as regular customs duties within the meaning of all laws relating to the drawback of customs duties.

INSPECTION OF EXPORTER'S BOOKS.

SEC. 214. If any person importing merchandise into the United States fails, at the request of the Secretary, or an appraiser, or person acting as appraiser, or a collector of customs, as the case may be, to secure, within 60 days after such request, permission for a duly accredited officer of the United States to inspect the books, papers, records, accounts, documents, or correspondence of the person manufacturing or producing the merchandise, and of the person selling, shipping, or consigning the merchandise to the United States, pertaining to the value or classification of such merchandise, then the Secretary, under regulations prescribed by him, shall, while such failure continues, prohibit importation by any person in the United States of merchandise from such manufacturer, producer, seller, shipper, or consignor, which is exported from a foreign country on or after the expiration of such 60 days' period.

INSPECTION OF IMPORTER'S BOOKS.

SEC. 215. If any person importing merchandise into the United States or dealing in imported merchandise fails, at the request of the Secretary, or an appraiser, or person acting as appraiser, or a col-

lector, as the case may be, to submit within 10 days after such request, for the inspection of a duly accredited officer of the United States, his books, papers, records, accounts, documents, or correspondence, pertaining to the value or classification of such merchandise, then the Secretary under regulations prescribed by him shall, while such failure continues, prohibit importation by such person of any merchandise which is exported from a foreign country on or after the expiration of such 10 days' period.

SIMILARITY OF MERCHANDISE.

SEC. 216. Wherever in section 205 and subdivisions (b) and (c) of section 202 reference is made to the similarity of merchandise (whether manufactured, partly manufactured, or unmanufactured) to other merchandise, such similarity shall be confined to cases of competitive similarity in material, quality, construction, and kind, irrespective of differences in containers, coverings, or kinds of packing.

DEFINITIONS.

SEC. 217. When used in this title—

The term "person" includes individuals, partnerships, corporations, and associations;

The term "Secretary" means the Secretary of the Treasury; and

The term "United States" includes all territories and possessions subject to the jurisdiction of the United States, except the Philippine Islands, the Virgin Islands, and the islands of Guam and Tutuila.

RULES AND REGULATIONS.

SEC. 218. The Secretary shall make rules and regulations necessary for the enforcement of this act.

EMERGENCY TARIFF AND ANTIDUMPING.

MONDAY, APRIL 18, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met in room 310, Senate Office Building, pursuant to the call of the chairman, at 11 o'clock a. m., Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Curtis, Watson, Calder, and Simmons.

The CHAIRMAN. Gentlemen, the committee has under consideration the antidumping and valuation clauses in the emergency tariff bill, and would like to hear Judge De Vries explain briefly, if he is ready and desirous to, his views in the matter.

Of course, Judge, the House has made rather radical departure from the original suggestions, and the committee is interested in knowing the causes which led to it.

STATEMENT OF HON. MARION DE VRIES, ASSOCIATE JUDGE, UNITED STATES COURT OF CUSTOMS APPEALS.

Judge DE VRIES. Mr. Chairman, on the currency features of this bill, Mr. Fischer has paid particular attention; I have paid attention to the antidumping feature.

The antidumping bill is practically the bill that passed the House, and I may say the bill that was reported to the Senate, with conforming languages. The chief difference in this bill from the House and Senate bill is the bonding provision, which provides that when the goods are imported into this country and the sales price is not established at the time of entry, or when the goods pass from customs custody, they shall only be released upon bond until the sales price is determined, whereupon the bond shall require that the sales price be reported to the collector of customs and the duty then be ascertained and collected.

There is another proviso added, to the effect that—

No sale or pretended sale or sales shall be held to establish "value" as herein provided, and that to constitute any such, having regard to the customs and usages of trade, there must be a reasonably extended and continued course of sales in substantial wholesale quantities sold or offered for sale to all purchasers.

The purpose of that proviso is to prevent the establishment of a fake market, in the country of exportation, whereby the provisions of the bill would be defeated. I do not think that requires any particular explanation.

Senator WATSON. Where are you reading from?

Judge DE VRIES. From page 11, commencing line 6.

In section 207, which is the real levying provision of the bill and the meat of it so far as that is concerned, the language has been changed from the House bill and the Senate bill, commencing at line 6, "That whenever merchandise, whether dutiable or free, is exported to the United States, of a kind or class." That is originally providing "of a kind or class provided for in this act." Under the Underwood act that was "of the kind or class made or produced in the United States"; in the Senate provision "of a kind or class made or produced in the United States"; South African provision "of a kind or class made or produced in the Union." The difference in this provision is this "of a kind or class produced in the United States would apply to all merchandise that is imported"; "of a kind or class provided for in this act" would apply to all the merchandise imported which is provided for in the tariff schedules of the act dutiable and free, which in the United States would be the equivalent of the kind or class provided for in the United States, because the merchandise is either by the specific provisions or the general provisions and the catch-all provisions of our tariff laws provided.

This bill is written "of a kind or class identical or comparable in material, quality, or use with the kind or class made or produced wholly or in part in the United States."

That provision qualifies the provision as it appeared in the Senate bill and in the House bill to this extent, that this bill only applies to that imported merchandise the kind or class of which is produced or made in the United States.

We were actuated in fixing that limitation by the fact that if the foreigner wanted to dump his goods into this country at a cheap price and they did not compete with anything in this country; that is, any established industry in this country, we were perfectly willing to get his goods cheap, and I believe that is the only difference that I can see between this bill and the House and the Senate bills.

Senator WATSON. When you refer to the House bill, you mean the bill that passed the other time?

Judge DE VRIES. Yes, sir; and they were essentially what the Underwood provision was that passed the House in the Underwood Tariff Act, but did not pass the Senate.

On the currency features other gentlemen will explain.

Senator WATSON. Are these changes which you have described the only changes that were made in this as distinguished from the legislation that passed the Senate at the last session?

Judge DE VRIES. The only essential changes.

Senator SIMMONS. Those are the only changes?

Judge DE VRIES. The only essential changes.

Senator McCUMBER. And you agree with the propriety of that change?

Judge DE VRIES. I do. Mr. Fischer, Mr. Lawrence, and all of us have discussed it, and we had thought it was all right.

Senator SIMMONS. Judge De Vries, notwithstanding it is identical, does it meet with your approval, or would you suggest some amendment that would in your judgment further improve it?

Judge DE VRIES. I think it has been the wisdom and the best thought on the subject in several countries and this country that that is the best calculated measure to be adopted.

Senator SIMMONS. I am not speaking of the measure as a whole, but is there any improvement to be suggested upon this method?

Judge DE VRIES. None, so far as I know at the present time.

Senator SIMMONS. Would you suggest any better use of language or definition to accomplish the main purpose?

Judge DE VRIES. None from what was put in these provisions, because we have drawn them with every safeguard we thought was necessary.

The CHAIRMAN. Judge De Vries, you have read this bill, of course, very carefully since it passed the House and as it comes to the Senate?

Judge DE VRIES. Yes, sir.

The CHAIRMAN. Are there any amendments of phraseology?

Judge DE VRIES. There are in several places, and I may hand to the stenographer or to the committee—

The CHAIRMAN (interposing). If it would not take too long, you might just read them to the committee.

Judge DE VRIES. Yes; I will do so. We have some reference to the emergency tariff bill. I will take up the antidumping provision.

The CHAIRMAN. Are these essential to the old Fordney bill?

Judge DE VRIES. I think they would resolve doubts in case of litigation.

The CHAIRMAN. It is a question of whether administratively they ought not to be corrected, Senator Smoot.

Senator SMOOT. That may be.

The CHAIRMAN. Let us see what they are. What amendment do you suggest, Judge, to the original emergency tariff bill?

Judge DE VRIES. The antidumping bill commences on page 11.

In line 18 the word "in" should be "to." That is a typographical error and makes an important difference in the bill—the "value to the countries other than to the United States."

On page 12, line 11, strike out the commas before and after the word "production" and insert the word "or" before the word "production," and insert the words and comma "for exportation to," after the word "production."

Senator WATSON. State that again.

Judge DE VRIES. Strike out the commas before and after the word "production" and insert the word "or" before the word "production," and insert the words and comma "for exportation to," after the word "production."

Senator McCUMBER. What does that accomplish?

Judge DE VRIES. It extends the effect of the bill to the manufacturer and the producer as well as to the importer. It is not clear the way it is written.

On page 14, line 3, there is in effect the same correction. Strike out the commas before and after the word "production" and insert the word "or" before the word "production," and insert the words and comma "for exportation to," after the word "production."

Senator LA FOLLETTE. And comma after the word "to"?

Judge DE VRIES. Yes; and comma after the word "to." Those are the only changes.

The CHAIRMAN. Judge, was there no effort to perfect the bill in these respects during its passage through the House or in the Committee on Ways and Means?

Judge DE VRIES. They were sent up to the House before the bill was finally passed, but they thought it was too late; but it was before the bill was passed.

The CHAIRMAN. They preferred to pass the bill and let the Senate perfect it?

Judge DE VRIES. I do not know; I could not speak for them in that regard.

Senator SMOOT. I would like to ask you this, page 10, section 207, beginning on line 16, "at the time of exportation": Do you think it is safe to leave those words in there, "duty in an amount at the time of exportation"?

Judge DE VRIES. They must fix a time somewhere.

Senator SMOOT. The question I had in mind was, a wholesale house going to Europe and buying a certain amount of goods from a foreign country; the prices may be radically changed before the delivery of the goods. One firm may buy six months ahead, another may buy three months ahead, and during that three months there may be quite a change in the price of goods.

Judge DE VRIES. Yes.

Senator SMOOT. And therefore a discrepancy would arise immediately as to the amount of duty that would be imposed upon the identical class of goods coming into the country and perhaps at the same time.

Judge DE VRIES. Senator, there is always bound to be an inequality exist owing to distances to be transported and differences in time of exportation, whether the time of calculation be fixed at the time of exportation or at the time of importation. They may be delayed in loading; they may go by one method of transportation that travels much faster than the other, and in various ways difference in time of transportation may exist. I think it is always fairer to the man who is importing to fix the date as far back as possible, in order that he may have full time upon entry to determine the factors and conditions surrounding the situation.

Senator SMOOT. I recognize that fact, and in our tariff legislation in the past we have always had it fixed on the day of arrival of goods in the United States.

Judge DE VRIES. I beg pardon; you are mistaken—the day of exportation, value in the foreign country; and this conforms this bill to the time of ascertainment of special duties at the same time the law provides for the ascertainment of regular duties—the day of exportation.

Senator SMOOT. If that difference comes from using the words "whichever may be the highest" in line 19, there is liable to be a conflict.

Judge DE VRIES. No; that does not refer to the dates of importation but refers to a market that does not affect this situation.

Senator SMOOT. It refers to a market beyond, and it seems to me there will be some conflict there.

Judge DE VRIES. No; that refers to markets beyond, which of two markets may be higher at the same time.

Senator SMOOT. That is, in different countries?

Judge DE VRIES. No; in the same country. There are three things that that relates to—the cost of production, the home market value, and the export value.

Senator SMOOT. It could not apply to the export value as stated here, which you state positively applies to the export value at the time of exportation. Now, you say it shall not be that, but one of three other prices, and that may do away with the difference at the time of exportation entirely.

Judge DE VRIES. I do not read it that way, Senator. I read it that all of these values—the sales price, the foreign home value, the value to other countries—that is, the export value and the cost of production, shall be ascertained as of the day of exportation, and whichever shall be the highest upon that day shall be taken.

Senator SMOOT. Whichever the highest of what?

Judge DE VRIES. Of these markets—the three markets.

Senator SMOOT. One may be lower and the other may be higher, or two may be lower and one higher?

Judge DE VRIES. Then, you take the highest; that is the object of that provision—to prevent confusion in that respect.

The CHAIRMAN. Judge De Vries, how long have you been sitting on the customs court?

Judge DE VRIES. Eleven years.

The CHAIRMAN. You are one of the original members, I believe?

Judge DE VRIES. Yes, sir. I was one of the general appraisers before that came in. 10 years preceding.

The CHAIRMAN. I want to bring out your preeminent qualifications as an expert on these questions. Let me ask a question of information. Business before the customs courts is of great magnitude?

Judge DE VRIES. It has been light since the war.

The CHAIRMAN. What is the cause of that—lack of importations?

Judge DE VRIES. Yes.

The CHAIRMAN. Prior to the war the business of the court had been heavy?

Judge DE VRIES. Yes, Senator; we were all very busy.

The CHAIRMAN. I think it is due to the committee that I state this, with reference to Mr. Walker, after talking to Mr. Simmons on the subject: He is practically an employee of this committee and of the Senate. In the preparation of the last revenue bill the committee derived the greatest advantage from Mr. Beaman's work and some other statutory experts, including Mr. Walker, who was at that time clerk of the Ways and Means Committee of the House, in perfecting the phraseology of legislation, and so impressed were Mr. Simmons and myself and the rest of the conferees of both Houses with the importance of their work and the essential character in preventing litigation that Congress created the Legislative Drafting Service in the revenue bill and appropriated annually \$20,000 to each branch of the Legislative Drafting Service.

My recollection is that in the House the expert is appointed by the Speaker and in the Senate he is appointed by the Vice President. The position became vacant in the Senate by reason of the resignation of the incumbent during the last Congress, and Vice President Marshall expressed his willingness to appoint Mr. Walker, whose qualifications are admitted to be preeminent, having satisfied both committees of the conferees in the long-drawn-out discussion of the revenue act of 1918, as the head of the service in the Senate, and on the matter being submitted to Vice President Coolidge when he

assumed office he concurred in the selection. Prior to accepting this position Mr. Walker was a special attorney in the Internal-Revenue Bureau; and to oblige the committee and perhaps at some sacrifice Mr. Walker has taken charge of the service, and in my opinion has equipped it very efficiently. I think the language and phraseology of this revenue legislation is excellent and, I may say, a classic, and as nearly perfect as it will be possible to frame American legislation. It is a marked departure from our old system. I do not know whether they have it in England or not.

Mr. WALKER. They have a somewhat similar system.

Senator SMOOT. I would like to ask Mr. Walker if, in his opinion, on page 10, line 19, of the bill, the words "whichever may be the highest, as the case may be," will not cause a conflict?

Mr. WALKER. It seems to me that is true, Senator. As I read section 207 the dumping duty is imposed upon the difference between the foreign home value and the American selling value. If there is no foreign home value, then it is imposed upon the difference between the export value and American selling value, and if there is neither a foreign home value or export value, then it is imposed upon the difference between the cost of production and the American selling value, and when the words "whichever is highest" are added it seems to me there is an absolute conflict.

The CHAIRMAN. Some members of the committee suggested to me that while everyone is anxious to expedite this legislation and these hearings, it perhaps would be well to adjourn until to-morrow morning to enable the committee to study the subject further, and this suggestion would be especially pertinent while the treaty is pending in the Senate.

Senator SIMMONS. I would be very glad to have Judge De Vries come back, because after we study this statement of Mr. Walker that was made in executive session before Judge De Vries was with us, there may be some questions he might want to ask. I want to ask some questions, I am sure.

The CHAIRMAN. Without objection, the committee will stand adjourned until half past 10 o'clock to-morrow morning. The committee will have before it some important Treasury officials, who will be here at that time.

(Thereupon, at 12 o'clock noon, the committee adjourned to meet to-morrow, Tuesday, April 19, 1921, at 10.30 o'clock a. m.)

EMERGENCY TARIFF AND ANTIDUMPING.

TUESDAY, APRIL 19, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to adjournment, at 10.30 o'clock a. m., in room 310, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Curtis, Calder, Simmons, and Jones of New Mexico.

The CHAIRMAN. Senator Kenyon, do you desire to be heard?

STATEMENT OF HON. WILLIAM S. KENYON, UNITED STATES SENATOR FROM IOWA.

Senator KENYON. Mr. Chairman, there is a committee representing farmer organizations who want an opportunity to present some argument in regard to the tariff on poultry and egg products. I have advised them as to your view in the matter, and I wish Prof. Rice would explain to you.

The CHAIRMAN. Have you the names of these gentlemen, in order that they may be inserted in the stenographer's notes, Senator?

Senator KENYON. I will furnish them.

(The data referred to was subsequently furnished, and is here printed in full, as follows:)

Prof. James E. Rice, department of poultry husbandry, New York State College of Agriculture, Cornell University, Ithaca, N. Y.; Mr. N. N. Kerrigan, secretary Petaluma Chamber of Commerce, and representative American Poultry Farmers, Petaluma, Calif., and Mr. Knox Bonde, representing poultry industry of Petaluma, Calif.

The CHAIRMAN. Senator Kenyon and gentlemen, there is not a day that I as chairman, and individual members of the committee, are not besieged by persons raising the cry of distress and trying to impress on us the urgency of taking care of their particular interests. But we are proceeding under a solemn arrangement which, in my opinion, can not be altered, made between Mr. Fordney and the Ways and Means Committee of the House and the Senate Committee and to some extent after consultation with the President—although I have no right to speak for him, by which the understanding is, after a very careful consideration of all of the circumstances, that the so-called Fordney emergency tariff bill shall be passed without amendment in any particular whatever, with the exception of the addition of the provisions relating to antidumping and valuation.

It has been conclusively impressed on all of us that to adopt any other course would render it absolutely impossible to pass any tariff

legislation whatever except a permanent tariff bill, which will take several months.

This bill has already been voted on by the Congress and has been passed without any opposition except a legitimate controversy over the two new features. The permanent tariff bill is now in process of preparation by the Ways and Means Committee of the House. Mr. Fordney assured me only yesterday that the probability is that the bill will pass the House of Representatives in May. You gentlemen, I hope, will have your interests taken care of in the House of Representatives, if not already in the bill, by way of amendment on the floor; and if relief is not given you by that means of an adequate character, we will be very glad indeed to hear you before this committee and see what we can do to relieve you.

We want to take care, by adequate protective duties of all American interests, but it is a physical impossibility to open up this question for you or anybody else. The cotton people of Arizona were down here as late as 10 o'clock last night to see me. They have been to see Senator Smoot and others, and I have had to tell them all the same story.

This bill is only to last six months, and in the permanent bill you will be taken care of.

Senator KENYON. Mr. Chairman, of course, we are not going to urge it under those circumstances.

Do you expect to include all amendments on the floor?

The CHAIRMAN. Of course, it is the right of any Senator to offer an amendment on the floor to any bill.

Senator KENYON. Has there been any agreement?

The CHAIRMAN. This committee will strenuously oppose such an amendment. I state without any hesitation that any gentlemen who will attempt to delay this measure by an amendment, admitted to be futile, will not be helping their cause, in my opinion.

Senator KENYON. We do not want to hurt the cause. I think it is not realized what an extensive interest the poultry industry is, which amounts to \$1,600,000,000 in this country.

Senator McCUMBER. It will be taken care of, Senator Kenyon, in the general bill, but if we go to amending this bill I am positive it will never go through as an emergency measure. We might as well throw it aside and go right to the general bill.

Senator SMOOT. I think under the general bill poultry is provided for by a 25 per cent ad valorem.

Senator KENYON. They did not know it in time, and we do not want to "throw a monkey wrench into your machinery." It is a question what would happen to it if we would introduce it.

The CHAIRMAN. You can introduce anything you want to.

Senator KENYON. We are standing by the American poultry industry.

The CHAIRMAN. We are all standing by that. You had better go to see Mr. Fordney this morning to ascertain what he has done for poultry interests.

Senator KENYON. We are much obliged to you.

Mr. WALKER. Mr. Nevius, of the customs service, is present. He is the assistant chief of customs. He would like to make a statement relative to the conversion of currency section of H. R. 2435.

The CHAIRMAN. Mr. Nevius, are you ready to make your statement? How long have you been in the customs service?

STATEMENT OF MR. JOSEPH D. NEVIUS, ASSISTANT CHIEF,
CUSTOMS SERVICE.

Mr. NEVIUS. About 25 years.

The CHAIRMAN. Where do you come from originally, Mr. Nevius?

Mr. NEVIUS. I came into the service from Texas.

The CHAIRMAN. You were appointed to the service from Texas?

Mr. NEVIUS. Yes, sir.

The CHAIRMAN. And you have been living in Washington since you have been with the customs service?

Mr. NEVIUS. I have been in the Government service for over 30 years.

The CHAIRMAN. Where have you resided most of the time?

Mr. NEVIUS. All the time here.

The CHAIRMAN. And you have been in the customs branch of the service during that period?

Mr. NEVIUS. About 25 years in the customs branch of the service.

The CHAIRMAN. Will you state in your own way what you have in your mind?

Mr. NEVIUS. Without entering into the policy of this conversion of currency the one thing we had in mind at the department was the last proviso in section 214, pertaining to the estimation and liquidation of duties, amending section 25, and which does not change the present law until the last proviso is reached:

That in the estimation and liquidation of duties upon any imported merchandise the collector of customs, or persons acting as such, shall not in any case estimate the depreciation in currency at more than 66 $\frac{2}{3}$ per centum.

We want to know as to what merchandise that is applicable; that is, whether it will apply to merchandise which is now in the warehouse when it is withdrawn, and whether it will apply to entries on which the duties have been heretofore estimated but not yet liquidated. Of course we will be called upon immediately to rule upon that question, and the language as it stands there leaves it somewhat indefinite.

Senator McCUMBER. You do not think it ought to apply to goods, do you, that have already been purchased and shipped under present laws?

Mr. NEVIUS. I would hardly think it should; that would be my personal view of it.

Senator McCUMBER. Would it have to be amended in order to get the best results?

Mr. NEVIUS. This proviso should be amended so as to fix definitely the time that this new way of converting currency is to apply.

Senator McCUMBER. What would be your suggested amendment?

Mr. NEVIUS. My suggestion is, that in line 5, after "imported merchandise," insert "arriving in the United States on and after the day following the passage of this act."

Senator SIMMONS. Where is that, Mr. Nevius?

Mr. NEVIUS. On page 16, line 5.

Senator CURTIS. With that amendment you would have the ships trying to break all previous records to get stuff in here, before this bill could go through.

Mr. NEVIUS. We are having that now.

Senator CURTIS. Why should not the parties who have goods in the warehouses pay just the same as other people, if they have not paid their duties?

Mr. NEVIUS. I do not see any particular reasons why they should. The thing we are interested in is having some day fixed. I suggest "this date." If the committee prefer to have some other I have no objection. The desirable thing is to have a fixed time.

Senator McCUMBER. Suppose the goods are purchased at a price that will give only a reasonable profit under present conditions, and then you put a tariff on after they have arrived here, that would convert that reasonable profit into a loss and you could easily see it would be an injustice, could you not?

Mr. NEVIUS. There is bound to be that.

Senator McLEAN. There are only two countries where this provision would apply; that is, Italy and Germany.

Mr. NEVIUS. Oh, no; there are many others.

Senator McLEAN. Where the rate of exchange is less than 66½ per cent?

Mr. NEVIUS. There is Austria, Rumania—

Senator McLEAN (interposing). How many goods are you getting from Austria or Rumania?

Senator SMOOT. You do not know how many you will get.

Senator McLEAN. You are getting none, I say, as a practical proposition?

Mr. NEVIUS. It principally applies to Italy and Germany.

Senator McLEAN. Even with this rate as fixed here, the tariff meaning an ad valorem would be less in most cases than it would be under the Simmons-Underwood Act?

Mr. NEVIUS. I do not think so.

Senator McLEAN. Well, I would like to have you give me an instance where it would not; that is, if the goods are here now and they paid the duty under this provision they would pay less than they would pay under the Simmons-Underwood Act, in most cases?

Senator SMOOT. I do not know what class of goods that would apply to.

Senator McLEAN. I do not care what it is if it is an ad valorem.

Senator SMOOT. If it is an ad valorem it would have to be 32 per cent.

Mr. NEVIUS. I have had only a few instances, because I had not gone into this very far, but I did take up a few cases. I had one case of machinery that sold at about 1,000 marks before the war, the 1913 price. It now sells at about 22,000 marks, which, converted at the present rate of exchange, makes a little higher foreign value in American money than it was before the war. I have seen a number of such instances, and I think as a general proposition it may be stated that the mark value converted at the present rate of exchange is equal to—in many cases higher—than it was prior to the war. The values have increased from six to twenty times, as the mark has gone down.

Senator McLEAN. That is, estimated in marks?

Mr. NEVIUS. Yes. And when you convert it into dollars it makes even more, in many cases, than it was prior to the war.

Senator McCUMBER. The values have actually increased in American money?

Mr. NEVIUS. They have actually increased in American money.

Senator SIMMONS. That is on invoice value.

Senator SMOOT. Figured in American money.

The CHAIRMAN. Have you any further statement to make, Mr. Nevius?

Mr. NEVIUS. No, sir; that was all I had.

Senator SIMMONS. Mr. Nevius, let me ask you this question: That would indicate that there has been an increase in foreign goods. Upon that conversion basis, would you say that the increase in the value of foreign goods is equal to the present increase in value of American goods of similar character?

Mr. NEVIUS. I am not able to answer that as a general proposition; I have not kept closely enough in touch with the market to express an opinion or to be definite on that. My general impression is that it has.

Senator McCUMBER. That is, you mean that generally the foreign prices have increased as much as the American prices have increased?

Mr. NEVIUS. Yes.

Senator McCUMBER. In American money?

Mr. NEVIUS. Yes.

There is another matter I wish to bring to the attention of the committee. As the bill now stands collectors of customs can not in any case convert the currency at a depreciation of more than 66⅔ per cent; but there is nothing to prevent the Secretary of the Treasury ordering a reliquidation under the authority given him in the first proviso to section 214 at a depreciation of more than 66⅔ per cent. While it is not probable that the Secretary would order a reliquidation at a greater depreciation, great pressure would be brought to induce him to do so. In order to settle the question I suggest that there be inserted on page 16, line 4, after the word "liquidation," insert "or reliquidation by order of the Secretary as provided in this section."

The CHAIRMAN. Is that all, Mr. Nevius?

Mr. NEVIUS. That is all.

The CHAIRMAN. The committee has invited Mr. George Davis, special agent in charge of the customs service in New York, to advise us in relation to the antidumping feature and certain other features of the bill. Mr. Davis, are you prepared to go on?

Senator SIMMONS. Mr. Chairman, before Mr. Davis begins, it might help matters and add to the convenience of witnesses, especially Judge De Vries. I stated yesterday that after examining the statement of Mr. Walker, which has been reduced to printed form and sent to us, I desired to ask Judge De Vries some questions with reference to the dumping feature of the bill. I did not get that copy until since I reached this room; it may have been sent to my office, but I did not go to my office this morning except to leave my coat on my way here, and I have not had an opportunity to examine it at all; and it was not forwarded to my hotel.

The CHAIRMAN. The committee did not receive it until midnight.

Senator SIMMONS. I am not prepared to ask Judge De Vries, under the circumstances, the questions that I proposed to propound.

The CHAIRMAN. These gentlemen will remain with us, and you will have ample opportunity, Senator.

Senator SIMMONS. I thought if nobody else wanted to inquire, that Judge De Vries might be excused for the day and be called when needed. I do not want to put him to inconvenience.

The CHAIRMAN. Judge De Vries, the committee will be very glad to have you remain with them, but you are a busy man. They will not be ready to talk to you to-day.

Judge DE VRIES. I just received the statement this morning.

The CHAIRMAN. Now, Mr. Davis, will you inform the committee how long you have been a special agent?

STATEMENT OF MR. GEORGE DAVIS, SPECIAL AGENT IN CHARGE, CUSTOMS SERVICE, NEW YORK CITY, N. Y.

Mr. DAVIS. I have been a special agent for the past five years.

The CHAIRMAN. From what State were you appointed, Mr. Davis?

Mr. DAVIS. Chicago, Ill. I was already in the Government service when I was made a special agent.

The CHAIRMAN. That is your legal residence, is it?

Mr. DAVIS. At present my legal residence is New York. I have been permanently transferred there.

The CHAIRMAN. You have been acting as chief special agent for how long?

Mr. DAVIS. For the past three years.

The CHAIRMAN. What are your chief duties, Mr. Davis, as such chief special agent?

Mr. DAVIS. The detection and prevention of fraud generally in the customs, pertaining to undervaluation and smuggling.

The CHAIRMAN. You mean leading to arrests?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. And criminal proceedings?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Will you state in your own way briefly to the committee on what features of this legislation you desire to address yourself and what your views are?

Mr. DAVIS. Yes, sir. This bill was only handed to me a half hour ago, and I was barely able to read it through once, so I will only touch on a few points.

The bill throws the burden upon the examining officers of ascertaining in every instance the class or kind of merchandise in the United States that is comparable with the imported merchandise; in other words, the customs examiner will have to look for dumping on every importation. There is very little dumping going on at the present time. Most of the values to the United States are higher than the values in the foreign countries.

Senator McCUMBER. Measured by American money?

Mr. DAVIS. Measured by American money.

Senator SIMMONS. Higher in the American markets than the foreign markets?

Mr. DAVIS. The prices that the American importer pays for imported merchandise are higher than the prices that the same merchandise is sold for in the foreign country, in the gold equivalent; for instance, German goods.

Senator SIMMONS (interposing). When you say that, could you give us your idea of how much in percentages?

Mr. DAVIS. The cases that have come under my observation have indicated that the export prices to the United States in respect to German goods are at least twice as high.

Senator SIMMONS. Twice as much in this country as in Germany?

Mr. DAVIS. The American importer pays twice as much for the article for export to the United States as the German pays in Germany, but appraisements have taken place on the German value and not on the export value. That is where the great damage has been done. We find the market value as sold in the foreign country for home consumption ignoring the export price to the United States.

Senator SIMMONS. When you suggest the idea that it was considered before the Ways and Means Committee—the American valuation?

Mr. DAVIS. That is another question; that has nothing to do with dumping.

Senator SIMMONS. It has a good deal to do with it from your standpoint.

Senator SMOOT. Let us take a specific case: The dye manufacturers of the United States claim that they are dumping their German dyes into this country at prices that are far less than for the same dyes being sold to European countries. Do you know anything about that?

Mr. DAVIS. I do in regard to United States prices.

Senator SMOOT. What are the facts?

Mr. DAVIS. Dyes are being appraised at the foreign market value in the home country, which is lower than the American importer pays for them.

Senator SMOOT. The statements I get from them show just the contrary—that the prices that they are shipping those dyes into this country are far less than the prices they are selling at, not only at home but to the foreign countries besides—all other foreign countries.

Mr. DAVIS. The few invoices that have come under my observation have shown that if you take the price paid upon the invoice and reduce it to gold, and many of the invoices are made out in the United States currency, and compare that price with the alleged foreign market price—we do not know whether it is true or not—the foreign market price is lower.

Senator McLEAN. In gold?

Mr. DAVIS. In gold. But we have great difficulty in finding that foreign market price. We have only one man in Germany and he is practically six months behind in his investigations.

Senator DILLINGHAM. How do you account for the fact that our importers pay a price so much higher than the same goods are sold for in foreign countries?

Mr. DAVIS. I understand that the German Government requires the manufacturer in Germany when he sells for export to the United States to charge a very much higher price, and I have heard that 90 per cent of that increase goes into the hands of the German Government, in the nature of an excess profit tax.

Senator CALDER. Has that always been the practice?

Mr. DAVIS. Only recently.

Senator CURTIS. Before the war the practice was the other way, to encourage exportation?

Mr. DAVIS. Yes; to encourage exportation, but in getting back to the dumping bill—

Senator SIMMONS (interposing). I understand you to say that the invoice price is the price at which these goods are sold in the German market?

Mr. DAVIS. No, sir; the invoice price is the price that the American importer pays for the goods, which has no relation to the price—

Senator SIMMONS (interposing). The American importer pays a price very much higher than the price charged in the foreign market?

Mr. DAVIS. In most instances.

Senator SIMMONS. And that applies, you think, to dyestuffs as well as other things?

Mr. DAVIS. I think it does.

Senator LA FOLLETTE. How does this price that the importer pays for the dyestuffs compare with the cost of production in this country and the prices of the dyestuffs in this country?

Mr. DAVIS. I do not know; I have no idea of the cost of production in this country.

Senator McCUMBER. Are the German goods when shipped to Great Britain or any other foreign country sold for less invoice price than they are when shipped to the United States or sold for shipment to this country?

Mr. DAVIS. In regard to prices to countries other than the United States from Germany, I know nothing.

Senator SMOOT. You are speaking only of the home price?

Mr. DAVIS. The home price as compared with the price paid by this country, and in the few instances that have come under my observation, the price paid by the American importer is higher than the home value in Germany—the alleged home value; just what it is we do not know.

Senator SIMMONS. What is your opinion as to the price paid by the American importer as compared with the price of similar articles in this country at the present time?

Mr. DAVIS. In regard to dyestuffs—I do not know.

Senator SIMMONS. I am speaking about prices on imports in general.

Mr. DAVIS. I have seen some instances where the imported article, comparable with the American-made article, is selling on the American market for about the same price as the domestic article.

Senator SMOOT. That is, including the duties?

Mr. DAVIS. Including the duties. The selling price of the imported article in the several instances I have seen is about on a par with the selling price of the American-made article that can be compared with it.

Senator SIMMONS. Mr. Davis, we have been hearing a great deal about dumping, and you say your business is to keep in close touch with our import trade. Can you give us any instance in your knowledge where there is what might be reasonably termed "dumping?"

Mr. DAVIS. I can give instances where the effect would have appeared to have been dumping. For instance, the other day I saw

an invoice where the mark value that appeared on the invoice, figured at about a cent and a half, brought a valuation of \$28.

Senator SMOOT. You are speaking of a German shipment?

Mr. DAVIS. A German shipment. It brought a valuation of \$28. The invoice stated nothing but marks, and there was a certificate by the Spanish consul giving the depreciated rate of that mark at about a cent and a half, but inquiry brought to the surface the fact that the mark appearing on the invoice was not the depreciated mark; it was the gold mark; in other words, 4.2 marks to the dollar.

In this particular instance, the appraiser noted that fact. We are now investigating it. If it had not been discovered those goods would have paid duty at \$28, while the real price was about 15 times that amount. The moment those goods go into consumption and come in competition with American-made goods you can readily see that the American manufacturer is going to say "dumping," but that is not dumping.

Senator McCUMBER. It is simply a fraud perpetrated?

Mr. DAVIS. It is an erroneous invoice to start with, but if the foreign home market value is \$28 we must take duty on that amount, if so entered, irrespective of the price paid. Our market value law has been so construed.

Senator SMOOT. That is, \$28, with the converted German currency into gold?

Mr. DAVIS. Yes, sir. We ignore the export price to the United States when we can find the home value.

Senator SIMMONS. What I had in mind was to have you state the price that the American importer, including duty, if not paid, for goods imported, we will say, from Germany—how does that price compare with goods comparable with those goods produced and sold in this country?

Mr. DAVIS. Well, I only know that in a very general way. I know very little about the comparable American goods sold on this market. We rarely come in contact with them.

Senator SIMMONS. You say the same goods?

Mr. DAVIS. I should say the price of the German goods would undersell comparable American goods.

Senator SIMMONS. Undersell them?

Mr. DAVIS. Yes, sir.

Senator McLEAN. You speak of the "alleged home value"?

Mr. DAVIS. The alleged home value.

Senator McLEAN. How can you deal with the subject effectively as you want to until you know whether the "alleged home value" is a fraud or not?

Mr. DAVIS. We cannot; but we must do the best we can. We haven't many facilities for finding the foreign market value. We have one officer in Germany—only one—and he is six months behind in his investigations.

Senator CALDER. Why has he not got help?

Mr. DAVIS. There is not enough money to hire any other men; the appropriation is not sufficient. We have only six men in the entire world.

Senator McLEAN. It seems to me the operation of your antidumping law is going to be nil unless you have the administrative features supported as they should be.

Mr. DAVIS. Absolutely. We find that practically all of the invoices coming from Italy are fraudulent to the extent that they do not conform to the requirements of invoicing. We have no officer in Italy.

Senator SMOOT. Do you not cooperate with the Commerce Department?

Mr. DAVIS. No, sir.

Senator SMOOT. And the State Department?

Mr. DAVIS. The consuls are presumed to give us help, but only in special cases is their information valuable to customs.

Senator SMOOT. When the Commerce attachés make their reports here to the Commerce Department, are you not advised of their reports to show what they are doing?

Mr. DAVIS. Yes, but their reports do not help us any. They are quite general, covering average conditions and not specific transactions. We require, for appraisement purposes, actual transactions, dates, etc., to establish market value.

The CHAIRMAN. Would it be possible to pass legislation imposing that duty on the consuls to report this data that you refer to?

Mr. DAVIS. That duty is now imposed upon the consuls, but they have so many other duties to perform—

The CHAIRMAN (interposing). That is what I am asking. Is it reasonable to expect them to do that?

Mr. DAVIS. No, sir; I do not think it would be; not to the extent we require.

Senator SMOOT. When the Commerce Department appears before the Appropriations Committee and asks for appropriations for these commercial attachés they bring to us an outline of their work, and they claim that they have all of this information collected; that is, all in the Department of Commerce now, and that there is no need of a duplication of that work by the State Department, and the State Department claims, of course, that they have got to do it, and that they have got to get that same information. Of course, there is a duplication of work there between those two departments. It does seem to me that if you are now going to ask for a lot of clerks to select the same information there will be another duplication.

Mr. DAVIS. But the information they have collected covers past performances; we must have the prices of current transactions.

Senator SMOOT. You can make them deliver information on that. They claim to have it to date.

The CHAIRMAN. I never saw a consul who was not spending time asking for something to do. They are a most occupied class of men, and it seems to me their most important duties ought to be to promote American trade.

Senator McLEAN. They are not qualified to do anything that is worth while.

Senator SMOOT. They are picked from all over the United States with a view to their qualifications.

Senator McLEAN. The witness says the importer pays nearly double the alleged home value.

Mr. DAVIS. Yes, sir.

Senator McLEAN. And he says that in Italy in particular the home values are fraudulent, and he does not know that they are not in Germany.

Mr. DAVIS. I do not think they are as fraudulent in Germany as in Italy.

Senator McLEAN. Not as fraudulent in Germany as in Italy?

Mr. DAVIS. I think not.

Senator McLEAN. He testifies that the importer pays double the home value, which was an alleged home value of one-half or one-sixth of the real value.

Mr. DAVIS. Of course, our officer in Germany has made a good many investigations. We have received positive information on a good many lines, and have found the home market value in many instances. We have received much information from reputable American buyers that have been over there in the market and ascertained accurately the home value, but as a general rule, on all the importations coming from Germany, we haven't very much information.

The CHAIRMAN. Is there any governmental report or publication of any kind from any bureau, foreign or domestic, which helps the customs office in any way concerning information relating to trade conditions in foreign countries?

Mr. DAVIS. In relation to trade conditions; yes, sir.

The CHAIRMAN. Or prices, or such figures or statistics as would aid you in your work?

Mr. DAVIS. Not in the appraisement of merchandise.

The CHAIRMAN. No doubt they have photographs of public buildings and disquisitions on crossing the Andes, and other interesting topics, but I mean matters of practical importance in the work of the customs service of the United States.

Mr. DAVIS. No definite prices in the matter of exportation of merchandise that are of any value in appraisement.

The CHAIRMAN. Now, Mr. Davis, I would like to ask you one question. I am familiar with the interest you have taken in this particular legislation, and the intelligent contributions you have made to it, and I would be interested in knowing, from your examination of this bill, whether you have any suggestion to make relative to any changes in your opinion which should be made in the so-called antidumping clause.

Mr. DAVIS. I think that in putting the antidumping measure into effect it should be limited to the instances where dumping is taking place, and I think that the Secretary of the Treasury should ascertain this. It would come to him probably through the American manufacturer. That would prevent the Government examiner from looking for antidumping in regard to every importation.

Senator SMOOT. It would relieve him.

Mr. DAVIS. It would relieve him, otherwise it would become everybody's business and I am afraid in actual practice but little attention would be paid to the measure.

The CHAIRMAN. They would wait until a charge was brought.

Mr. DAVIS. They would probably wait.

The CHAIRMAN. Then an investigation would be had and, if necessary, the rule would be enforced.

Mr. DAVIS. Then the rule would be enforced. I think that is the most practical plan, with the right of appeal by the importer to the Board of United States General Appraisers.

Senator McCUMBER. Under the bill as it now stands, you are assuming that the department would be looking for something in every invoice.

Mr. DAVIS. Under the bill as it now stands, the appraisers would have to look for something in every invoice.

The CHAIRMAN. You would have to conduct an investigation in every instance.

Mr. DAVIS. Yes, sir.

The CHAIRMAN. That occurs to me as an important suggestion. Have you any other suggestions?

Mr. DAVIS. This bill takes the date of exportation. My personal opinion is that this is unfair. It should be the date of purchase. The American importer goes into the market to-day and he pays, let us say, \$50 for his merchandise. Two or three months later the merchandise is shipped. He does not know what the market value is going to be at that time. There is a rise in the market and it becomes \$60. If you establish dumping on the date of exportation you are going to assess a dumping duty of \$10; a penalty for something that is not dumping. The comparison should be made between the price to this country and the foreign market value on the date of purchase, not on the date of exportation.

Senator SMOOT. He may be hurt in more ways than one. When he purchases his goods, he goes out and sells them even before they are shipped. He has his traveling men throughout the country selling those goods to his customers. If there is that increase in price, and three months later the price has advanced 25 or 30 per cent, would he not only pay that on the duty, but also upon the dumping?

Mr. DAVIS. He pays \$25, and pays duty on the \$25.

Senator SMOOT. That is what I had reference to.

The CHAIRMAN. Have you any further suggestions in the way of amendments?

Mr. DAVIS. The bill defines sales price. There are two kinds of sales prices. There is the price that the American importer purchases his merchandise for direct from the foreign manufacturer. That is the purchase price. Then there is the price that the agent of the foreign manufacturer, having established himself in the United States, sells it for in the United States. So I think that both should be defined, the purchase price and the foreign exporter's sales price in the United States. It makes it more readily understood, if you sharply define those two classes of transactions.

The CHAIRMAN. Could you give to Mr. Walker the form of such amendment as you have in mind for the consideration of the committee?

Mr. DAVIS. Yes, sir.

Senator McCUMBER. Let me see if I understand you correctly. The first instance is where the American importer purchases directly, and the second instance is one where the goods are shipped to this country and consigned to some particular person to sell.

Mr. DAVIS. Yes, sir. For instance, there is an agent in this country who sells merchandise in Kansas City for dollars and cents, including duty, ocean freight, the expense of getting it from New York to Kansas City, and the agent's commission, or his profit. This order is transmitted to the foreign manufacturer. He knows the merchandise

is going to Kansas City. It may come forward on a consigned invoice, consigned to the agent himself, and the Government does not know anything about the sales price to Kansas City. Such price is the foreign exporter's sales price and that should be distinguished from the open purchase price paid by the bona fide American importer who buys direct from the manufacturer. There might be dumping in either instance, but the two prices should be distinguished.

Senator McCUMBER. Where there is no difference in the price, how would you determine which one to follow?

Mr. DAVIS. We would have to subtract from the price in Kansas City the expense of bringing it from foreign markets to Kansas City; the duty, the foreign agent's commission, or profit, and the net amount, is the amount that goes back to the other side becomes the exporter's sales price.

Senator McCUMBER. But you took as a basis the price the importer paid abroad?

Mr. DAVIS. What he really paid abroad.

Senator SMOOT. The real danger is that the manufacturer abroad may have an agent in New York, and may ship his goods to him and invoice them at much less than cost, and very much less than he would sell to any wholesaler in the United States.

Mr. DAVIS. Yes, sir; but in such a case dumping would be shown by the invoice.

Senator SMOOT. And have a distinct understanding with his agent, by another invoice, as to just what he had to return.

Mr. DAVIS. Yes, sir. We want to reach that price. I think the present bill does reach that price, but I think it would be an improvement to have both definitions.

The CHAIRMAN. Have you any further suggestions to make, Mr. Davis?

Mr. DAVIS. The present bill requires bonds to be taken. For instance, merchandise consigned may not be sold prior to arrival. It is going to be sold in the future. It may be sold at a price which would establish dumping. The present bill provides for bonds for all consigned invoices. Consequently, the collector will have to be taking bonds on such shipments, and there would be dumping involved once in one hundred times. I would suggest that the bonding plan only be put into effect where the fact that there is dumping has been established. In other words, getting back to my first proposition, the appraiser does not seek to establish dumping, until it is called to his attention by the Secretary of the Treasury. Then the bond feature and all the machinery of dumping comes into effect, but should not become operative on the ordinary run of importations.

Senator McCUMBER. You would not limit it to those cases where the dumping is actually established, but you would also include cases where there is a reasonable belief that there is a case of actual dumping, would you not?

Mr. DAVIS. Oh, surely, where there is a reasonable belief, if the Secretary of the Treasury so states.

Senator McCUMBER. You would not wait for the actual establishing of it?

Mr. DAVIS. No, sir. We would establish that afterward by investigation.

Senator SIMMONS. But there must be somebody to determine whether the conditions are sufficient to create a reasonable belief. I understand that you suggest the Secretary of the Treasury do that. So the Secretary of the Treasury ought not only to find the fact that dumping is going on but he ought to find the other fact that there is reason to believe it is going on.

Senator McCUMBER. Yes.

Senator SMOOT. Wherever there is any suspicion.

The CHAIRMAN. Have you any further suggestions to make, Mr. Davis?

Mr. DAVIS. The definition of cost of production, in section 205, I think could be very much improved. It gives the cost of labor and material. I think this is too limited. It ought to include fabrication in all its various processes. It is restricted here to labor. I think we should have a minimum percentage addition for overhead expenses. In the present law it is 10 per cent. I think the profit to be added should be the ordinary profit in that district in manufacturing the same class of merchandise. It should not be confined to the particular merchandise, because the profit can not be found, for merchandise manufactured solely for the United States and shipped on consignment. In such case we should be permitted to turn to that district and ascertain the profits of factories making similar merchandise.

Senator McCUMBER. You would include an element other than labor and material, and suggest fabrication?

Mr. DAVIS. Yes, sir.

Senator McCUMBER. I do not quite understand you. Would not any process of fabrication be included in labor?

Mr. DAVIS. The cost of materials and of fabrication manipulation or other process employed in manufacturing or producing identical or substantially identical merchandise.

Senator SMOOT. In the cost of the fabrication of the article you would include anything that may also enter into it?

Mr. DAVIS. Yes, sir; any process more than labor. Labor is too narrow.

Senator McCUMBER. I can not imagine anything that would not be included in either material or labor, in any kind of process of manufacturing.

Mr. DAVIS. That is probably true, but I do not think it would do any harm to define it a little more clearly.

The CHAIRMAN. It does not do any harm.

Mr. DAVIS. I think the time should be specified at a time preceeding the date of the shipment of the particular merchandise under consideration which would ordinarily permit the manufacture or production of the particular merchandise.

Senator SIMMONS. Mr. Davis, we have always experienced a very great difficulty in the consideration of these tariff bills and the discussion of them in getting anything like satisfactory information with reference to the cost of producing the commodity in a foreign country. Do you think it is profitable, with the machinery that we have now or that we will likely be able to inaugurate, to ascertain with any degree of certainty the cost of production in foreign countries?

Mr. DAVIS. It has been done, but to a limited extent.

The CHAIRMAN. Is not the Tariff Commission supposed to do that?

Senator SIMMONS. Yes; but when they have done it, Mr. Chairman, in their recent reports, it has not always been as complete as we desired. That has been my experience ever since I have been here in connection with this tariff. We have never been able to get any information that we could feel sure was accurate and definite in regard to the cost of production in a foreign country. It has been one of the rocks upon which we have foundered in our discussions of the tariff question. We could not agree on the cost of production. There are so many different estimates of it. Governmental agencies have different estimates.

Mr. DAVIS. It is very difficult to ascertain.

Senator SIMMONS. It is very difficult to ascertain the cost of production.

Senator McLEAN. You did not try to ascertain it in your Simmons-Underwood bill.

Senator SIMMONS. I am not claiming that.

Senator McLEAN. You repudiated that.

The CHAIRMAN. Do not bring up that argument.

Senator SIMMONS. I do not want to engage in a partisan discussion. I am trying to get some information as to the difficulty that confronted the department in the administration of this law. When you were going to apply this section of the bill, which makes it necessary that you shall ascertain the cost of production in some other country, I can see under this bill how utterly unjust it would be to those who have to pay these duties.

Mr. DAVIS. Of course, we would only find the cost of production as a last resort. We would find the home foreign market value first. If there was no such value we would turn to the value in countries other than the United States.

Senator SIMMONS. I understand that. This is an alternative.

Mr. DAVIS. Yes, sir; this is an alternative.

Senator SIMMONS. Now, you have got to ascertain for the purpose of taxation, the cost across the water. Can you do it with any degree of accuracy?

Mr. DAVIS. We have done it.

Senator SIMMONS. As a mere matter of discussion, if it is inaccurate it does not make so very much difference, but when you have to ascertain it with a view to imposing taxes upon American citizens, unless you do ascertain it with accuracy you are bound to do an injustice.

Mr. DAVIS. Yes, sir.

Senator SIMMONS. I want to have your views about the difficulty or the impossibility of getting such accurate data of the cost of production as will avoid the danger of very great injustice.

Mr. DAVIS. I think the cost of production could be ascertained with a degree of accuracy if we had the men and the foreign manufacturer would open his books and allow an investigation.

Senator SIMMONS. How about the present machinery?

Mr. DAVIS. With the present machinery we can hope to get very little from our men abroad. Our man in France is practically a year behind. We have no one in China.

The CHAIRMAN. What is one thing I wanted to bring out. There is a score of governmental agents in different departments of the

Government, gathering statistics and all kinds of data, and not one of them contributes in any way to help the officers of the Customs Service, as I understand your view of the situation.

Mr. DAVIS. No, sir.

The CHAIRMAN. It is hard to realize that, with the many millions of dollars spent for publications that are never read, and which are, in my opinion, very largely of a worthless character.

Senator SIMMONS. And when they are read, they do not give us the concrete information.

The CHAIRMAN. They give no information. It is a waste of time to read them. I have had them returned to me by outraged purchasers, when sent by the department, with the request that I make every effort to suspend publication of such article.

Senator McCUMBER. Mr. Chairman, I wish the witness would answer your first suggestion as to whether this Tariff Board, created for the express purpose of giving us the data upon which to fix our tariff, is of any value to the Treasury Department.

Mr. DAVIS. I think it would be under certain conditions.

Senator McCUMBER. Not whether it would be, but is it?

Mr. DAVIS. To the Treasury Department in regard to appraisement?

Senator McCUMBER. Yes.

Mr. DAVIS. None whatever.

Senator McCUMBER. Then you get no use from this great bureau?

Mr. DAVIS. No, sir; not for appraisement purposes.

The CHAIRMAN. The Tariff Board was supposed to treat the subject in an entirely nonpartisan way. It appears that it has become worthless, by reason of its partisan features. Is that correct, Senator Simmons?

Senator SIMMONS. I have heard charges of that kind.

The CHAIRMAN. I understood you to admit it?

Senator SIMMONS. No. I said the information they gave us was questioned or challenged.

Senator SMOOT. When they were pleading for increased appropriations for commercial attachés, one of the reasons assigned for it was that the Tariff Commission called upon them for information as to the cost abroad.

Senator SIMMONS. Senator Smoot, I want to say that I am not talking about this in a partisan sense.

Senator SMOOT. I am not either. It is a serious question.

Senator SIMMONS. It is a serious question. I believe if we could get accurate and satisfactory information, information that would be accepted as reflecting the real prices, the real cost of production abroad, it would be exceedingly helpful.

Senator McCUMBER. Isn't that the purpose for which we created this Tariff Commission, to give us that information above all others? It is in the law creating it.

Senator SIMMONS. I think if we could get that we would have less trouble.

Senator McCUMBER. The witness says he can get no such information from it.

Senator SIMMONS. The tariff board has not been able to get the information satisfactory to it, or satisfactory to the people generally. We will never get it through the Tariff Commission, never get any

true information in regard to it, until we provide some machinery to operate and put it in operation, not here, but over there, to gather that information.

Senator SMOOT. One excuse was that while the war was on there was no need of collecting any data as to the cost of goods, because that cut no figure.

Senator SIMMONS. That is true.

Senator McCUMBER. The war has been over two and one-half years.

The CHAIRMAN. I supposed the Department of Commerce was an agency to collect some of that information. During the last 8 or 10 years it does not seem to have done very much of it.

Senator SIMMONS. It only collects through consular offices, and they are not appointed with any view to their skill.

Senator SMOOT. The consuls are under the State Department, and the commercial attachés are under the Commerce Department.

Senator SIMMONS. They cooperate.

Senator SMOOT. We hope they will.

Senator JONES. As I read the language here in regard to the cost of production, would you interpret that to mean the cost of producing the particular article by the concern which produces it?

Mr. DAVIS. Yes; the particular article exported to the United States.

Senator JONES. The only way that you could ascertain the cost of production of a given article would be by investigating the business of the concern which produces that particular article, would it not?

Mr. DAVIS. Yes, sir.

Senator JONES. And could you do that, except by the cooperation of a manufacturing concern?

Mr. DAVIS. We could not if the manufacturers did not cooperate.

Senator JONES. It is quite a difficult matter for the concerns themselves to ascertain the cost of any given article, is it not?

Mr. DAVIS. Yes, sir.

Senator JONES. Take the steel corporation, the different kinds of steel produced, I suspect it would take some time to ascertain the cost of any one class of its product. Do you not think so?

Mr. DAVIS. I do.

Senator JONES. Do you think that is a feasible plan, to require the ascertainment of the actual cost of a given article by the concern making it?

Mr. DAVIS. I think we should go a little further, and ascertain the cost of identical or substantially identical merchandise in that particular locality.

Senator JONES. Is that a practical thing to do? Do you believe that in practice you would get the cooperation that would be necessary to ascertain those facts with such accuracy as would justify the imposition of a tax?

Mr. DAVIS. Experience has shown that getting the cost of production is always very unsatisfactory, but it is the only thing we have to turn to in the absence of foreign prices.

Senator JONES. Is there not some other way by which we can get at it? I wish to say that I am very sympathetic with the idea of preventing any dumping in the United States, but is it possible to

prevent it in this way? Should we not confine this in some way to a general cost? One manufacturer may produce a given article very much cheaper than another. Should a person buying from a particular concern be made to pay a greater tax simply because there is a shade of difference in the cost of manufacture? Should he be penalized? In other words, is it not practical to get some general level of cost of production and apply that in a general way, rather than insist upon this very cumbersome method, which I think is an impractical thing to do, of ascertaining in a foreign country the actual cost of production of a given article.

Mr. DAVIS. It is a difficult thing to do, but what else can you do?

Senator JONES. That is what I am inquiring about. I would like to know if you could make some suggestion.

Mr. DAVIS. If there are several factories making the same thing, you can investigate all of them and get the level cost of production of all of them.

Senator JONES. Does this permit us to do that?

Mr. DAVIS. I do not think it does.

Senator JONES. I do not, either.

Senator McLEAN. Does the home market help you some?

Mr. DAVIS. If we had a home market value we would not turn to the cost of production.

Senator McLEAN. There is a home market value for most things, is there not?

Mr. DAVIS. We have instances where the factories are a closed market to the United States, the American importer can not buy directly from the factories. They are making merchandise exclusively for the American market. They have their agents over here in the United States. Their selling expenses are transferred to the United States. They sell their merchandise in dollars and cents in the United States. You will find no foreign market value abroad. That is where the dumping is apt to occur.

Senator JONES. Let us take the item of hides: How would you go about ascertaining the cost of production of hides in Argentina?

Mr. DAVIS. I do not know.

Senator JONES. There is no market value for hides. There is no market value for hides in the United States to-day. You get just what you can get for them. How would you apply this bill to the importation of hides from Argentina or Brazil?

Senator McLEAN. You should have a good stiff tariff on them.

Senator JONES. That leads to the thought I had in mind, that the only information of any practical value which can be gotten in regard to these things is general, such as the Tariff Commission has been getting. They have been getting valuations in the cost of production generally speaking, approximate cost of production, which is sufficient information to justify the Finance Committee of Congress in levying a duty based upon some notion of its own, but not of sufficient accuracy so that you can measure it with a view of taxation on a given transaction. I think the information which the Tariff Commission furnishes is valuable in the respect that it gives us some idea as to the difference, generally speaking, in the cost of production of commodities in other countries, so that we can with some degree of justice establish a difference and impose a tax accordingly, but when you come to insist upon the cost of production of the given article in each

case by the concern making it, it strikes me as wholly an impractical thing.

Mr. DAVIS. It is certainly too narrow.

I wish to bring up another point, Mr. Chairman.

The CHAIRMAN. I wish you would do so.

Mr. DAVIS. Under the currency provision, an article costing 1,000 marks, purchased by an American importer, a mark being worth $1\frac{1}{2}$ cents, the price would be \$15. Under the currency provision the mark value is 8 cents, and the value of the article then would become \$80. Is that dumping the difference between the \$80 and \$15 that the importer has to pay? Would the \$80 become market value under this currency law?

Senator SMOOT. I think the $66\frac{2}{3}$ per cent limitation answers that question.

Mr. DAVIS. It fixes the price at \$80. That is the gold value in the foreign country, under the currency provision. The price the American importer pays for it in actual money is \$15. Do we take the difference between the \$15 and the \$80 as a dumping duty?

Senator SMOOT. You should not in any case estimate the depreciation in currency at more than $66\frac{2}{3}$ per cent. That is what the bill provides.

Mr. DAVIS. Yes; I understand that.

Senator SMOOT. The German mark is a cent and a half and the regular mark is 24 cents. It can not be more than $66\frac{2}{3}$ per cent of that amount.

Mr. DAVIS. Yes, sir.

Senator SIMMONS. As I understand you, you mean the German price of that article in the home market is \$15, but here it must be assessed at \$80 for the purpose of taxation?

Mr. DAVIS. Yes, sir.

Senator SIMMONS. Do you mean, when that gets to the American market to be sold, in determining whether that is dumping or not you would value that at \$80 instead of \$15?

Mr. DAVIS. I do not know. I do not know how that would be construed.

Senator SIMMONS. Is not that inevitable?

Senator SMOOT. I did not conclude my statement. I just got to the $66\frac{2}{3}$ per cent. That would be one-third of 24, or 8 cents, or \$80, and whenever there is a duty imposed upon that it would be imposed at \$80 instead of \$15. There is no question about that, under this bill.

Mr. DAVIS. When the collector comes to liquidate at 1,000 marks, he changes it to American money and multiplies it by 8 cents, and reaches \$80. If you take that as the basis, the importer has paid \$15, and the collector must collect a dumping duty of \$65 on that importation.

Senator SMOOT. I do not think that would apply to dumping. That is the difference in the value of currency. That comes under section 214.

Mr. DAVIS. It is a question of construction.

Senator SMOOT. Whenever a duty is imposed upon goods shipped from Germany, the goods should not be valued on the basis of a mark at a cent and a half, but at 8 cents, because $66\frac{2}{3}$ per cent is the limit,

and with that limit, the mark being 24 cents, it is 8 cents instead of a cent and a half. That is the duty that should be imposed.

Mr. DAVIS. But would the collector call the market value 1,000 marks or \$80?

Senator SMOOT. \$80.

Mr. DAVIS. Then, if that becomes the market value, he must find the difference between that and the sales price, which is \$15, and collect the dumping duty of \$65.

Senator SMOOT. You mean the sales value is 1,000 marks in Germany?

Mr. DAVIS. The actual money the American importer pays at a cent and a half would be \$15.

Senator SMOOT. Yes.

Mr. DAVIS. The market value over there is 1,000 marks. Multiplied by 8 it becomes \$80. Would the collector take that as the market value? If he did, then the market value would be in excess of the sale price in the United States.

Senator SMOOT. That is exactly what that provision is for, imposing a limitation of 66⅔ per cent. Then it would be 3 times the 8 cents or 24 cents.

Mr. DAVIS. Yes, sir.

Senator SMOOT. So we make that limitation.

Senator CALDER. If this section of the bill becomes effective, would not that be very disastrous to importers who have contracted for goods from Germany or other parts of the world where currency has been depreciated?

Mr. DAVIS. It would.

Senator CALDER. It would probably ruin a man making such a contract.

Mr. DAVIS. I think so. I do not think they would ever want to be involved in foreign trade again.

Senator SIMMONS. I want to be sure that I understand you correctly. Here is an article that is purchased at \$15 in Germany. That is what it costs in American money. It comes over here and is assessed for the purpose of taxation at \$80. That importer puts that article upon the market in this country and sells it at \$20. He has sold it for \$60 less than its assessed value. That is clearly dumping.

Mr. DAVIS. No, sir. You have fixed an arbitrary exchange rate and a fictitious market value.

Senator SIMMONS. I assumed that was going to be your answer. Then we have established two different standards of prices, one price of \$80 for the purpose of taxation, and the other price of \$20 for the purpose of determining whether it is dumping or not. You have in this law two standards of value, one for taxation and one to determine whether it is dumping or not.

Mr. DAVIS. For dumping purposes the collector should liquidate the foreign currency at the true rate of exchange. There is nothing in this bill that will allow him to do so.

Senator SIMMONS. I am getting back to the question of payment of duties imposed by the tariff law. Under the tariff law, under this bill, you would pay a duty on that article at an estimated price of \$80.

Mr. DAVIS. Yes, sir.

Senator SIMMONS. Then the importer of that article must pay duty on the basis of \$80. He sells it on the American market on the basis of a reasonable profit on the price on the foreign market, which would be, we will say, \$20. Then you have two standards, one for taxation, and the other to determine whether that importer is selling goods on this market at less than the American profit.

Mr. DAVIS. That is just the point, and this bill does not give the collector any way to change the foreign currency into its true gold value for the purpose of dumping. It should be changed in that respect.

Senator SMOOT. Under the law to-day we have fixed two values. It has no reference whatever to the rate of duty we impose upon the goods, nor does this, as far as that is concerned, but when it comes to the question of the actual cost of the goods in a foreign country, to find out whether there is dumping on this market, then the question of the actual cost of a mark at a cent and a half comes in, because that is all it is worth.

Senator SIMMONS. Under this bill, take a case where the duty is ad valorem. We have an ad valorem duty on this article, which costs only \$15 on the foreign market. We calculate that ad valorem duty on the fictitious value of \$80. Is that true?

Senator SMOOT. Yes, and that is just what we want to get at. It is the difference between the value of exchange between Germany and the United States. The actual difference is three times the difference between \$15 and \$80, but so that it will not be prohibitive in every way the House has provided that in no case shall it be more than 66⅔ per cent. That is why it is \$80 instead of \$240.

Senator McLEAN. The 8 cents represents the purchasing power of the mark in Germany?

Senator SMOOT. Yes.

Senator SIMMONS. The 8 cents represents the purchasing power of the mark in Germany, when 2 cents is the actual purchasing value of the mark in gold. That is what we are talking about.

Senator SMOOT. Germany has the advantage of that 66⅔ per cent.

Senator JONES. Mr. Davis, do you think it is possible to confine dumping of commodities coming from Germany, under the terms of this bill, where you can only take into consideration a depreciation of two-thirds in the value of the currency of Germany? In other words, is not the margin between the actual gold value of the mark and the two-thirds depreciation permitted by this bill so great that there can not be considered any such a thing, in practical operation, as dumping any commodity coming from Germany, if you only permit a depreciation in currency of two-thirds to be taken into consideration?

Mr. DAVIS. I do not think you will ever find any dumping.

Senator JONES. I do not either. It seems to me that where you allow such a margin between 1½ and 8 in estimating the value of the mark, you would never find any case of dumping any commodity from Germany, within the meaning of this bill.

Mr. DAVIS. Nor would you find very many sales made in Germany. They would be made in Switzerland; they would be made in Denmark; they would be made in Holland; they would be made in England.

Senator CALDER. And there would be no invoices on the mark value?

Mr. DAVIS. There would not be any invoices in marks.

The CHAIRMAN. I did not think it would take so long to complete the examination of Mr. Davis. I wish to state for the information of the committee and correspondents and others present that the Senate is considering the Colombian treaty under unanimous-consent arrangement to vote on it to-morrow afternoon. Doubtless the Senate will recess this afternoon until 10 or 11 o'clock to-morrow. I do not think we can get a meeting of the committee until Thursday morning at half past 10. We can not meet this afternoon or to-morrow afternoon.

Senator SMOOT. Are we going to adjourn now?

The CHAIRMAN. I thought so.

Mr. DAVIS. I have no other points to bring up.

The CHAIRMAN. Do you see any way in which the conversion of currency can be avoided?

Mr. DAVIS. Yes, sir. I think if we appraised our merchandise on the export value to the United States, when higher than the foreign market value, we would practically solve the currency question.

Senator SIMMONS. Your proposition is the principle of American value?

Mr. DAVIS. No, sir; not the American value, the price the importer in the United States pays for the merchandise over there, the general price to the United States. Always taking that, if it is higher.

The CHAIRMAN. One more question, Mr. Davis. I have here a report from the Tariff Commission, printed for the use of the Committee on Ways and Means of the House of Representatives, entitled "Information concerning American valuation as a basis for assessing duties ad valorem." Have you read that report?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Have you any particular statement to make concerning its accuracy or the soundness of its views?

Mr. DAVIS. I think the views are quite sound.

The CHAIRMAN. I wish you would be prepared when you are here again—and I hope you will be. I may have some questions to ask you concerning that.

Mr. DAVIS. I will be glad to do so.

The CHAIRMAN. The committee will stand adjourned until Thursday morning at half past 10 o'clock.

(Thereupon, at 11.55 o'clock a. m., the committee adjourned to meet again on Thursday, the 21st day of April, 1921, at 10.30 o'clock a. m.)

EMERGENCY TARIFF AND ANTIDUMPING.

THURSDAY, [APRIL 21, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to adjournment, at 10.30 o'clock a. m., in room 310, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Calder, Watson, and Simmons.

The CHAIRMAN. Mr. Davis, are you ready to resume your statement?

STATEMENT OF MR. GEORGE DAVIS—Resumed.

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Have you anything further to put in relative to placing the burden upon the appraiser and collector of determining dumping in the case of every importation, and the other matters that you were verging on when we adjourned?

Mr. DAVIS. As I said generally the other day, I did not believe that the full burden should be placed upon the appraiser in all instances. I am still of that opinion.

The CHAIRMAN. What about the bonds as required in section 207?

Mr. DAVIS. I do not think that the burden should be placed upon the collector and the importer, in the case of consigned goods, to begin this bonding machinery and the importer's promise to report the sales price at a later date in every instance.

Senator McCUMBER. Unless there were some suspicious circumstances to justify it?

Mr. DAVIS. I would only have it done in instances where there were suspicious circumstances.

The CHAIRMAN. Either complaint or suspicious circumstances?

Mr. DAVIS. Either.

The CHAIRMAN. In other words, you do not want to bond every man in the community to prove his innocence?

Mr. DAVIS. If the burden is placed on the appraiser, he must compare the purchase price or the sales price of the foreign exporter with the market value at date of purchase. He will have no such market value as the one he is ordinarily dealing with at the date of exportation. He must take steps to find such value. Further, he must find the foreign exporter's sales price, which in many instances he will not know, and he will have to establish the class or kind of merchandise on the United States market comparable with the

imported goods and the fact that the American manufacturer has been injured.

After he gets all through, in 999 cases out of 1,000 there will be no dumping.

All of this should be regulated, preferably by the Secretary of the Treasury or by some other agency. The appraiser should be curbed in some manner and not be required to go through all of this dumping machinery on practically every importation where ad valorem rates of duty are involved. Of course, many of the examiners, I realize, will know those things through their intimacy with the trade and trade conditions, and they will not look for it, because they know it is not there. But the appraising officers in the interior ports who have to depend to a large extent on the examining officers of the larger ports will be totally at sea.

Senator McCUMBER. Do not your officers have books or records showing the prices or home value prices in the foreign country of these articles for several years back, so that you could ascertain, first, when a purchase is made, and then turn to your records and ascertain what the foreign price was at that time?

Mr. DAVIS. To some extent that is true; yes.

Senator McCUMBER. But not entirely?

Mr. DAVIS. Not entirely. And that takes you to separating the sales price into two definitions—the purchase price of the importer buying directly and the sales price of the foreign exporter selling in the United States. If we have a straightforward purchase price to deal with on the invoice, there would be no bond necessary for sales price. The question would be asked the importer, "Are you a foreign exporter?" and if his answer was "No," the collector would not have to do anything further. That is one of the reasons why those prices should be separated into two definitions.

My only idea is to have some sort of a check or curb, so that the appraiser will not have to look for dumping in every instance nor the collector takes bonds except when necessary.

Senator SMOOT. Have you some proposed amendments that you would like to have put in the bill that is being prepared?

Mr. DAVIS. They have all been drawn up and printed.

The CHAIRMAN. You understand Mr. Davis has already submitted all of these amendments, and they have been printed in the galley proof.

Senator McCUMBER. The ones submitted by yourself?

Mr. DAVIS. By Mr. Walker. All of these suggestions and amendments are in that report.

Senator SMOOT. Do I understand that Mr. Walker submitted in his opening statement all the suggested amendments that you desire made to the bill?

Mr. DAVIS. I think he has covered the entire ground.

Senator SMOOT. And did he suggest any amendments that were of the nature of disapproval on your part?

Mr. DAVIS. Unfortunately I have not seen his statement. I have merely spoken about it, and in conversation Mr. Walker told us what he had in his memorandum, and from that I think he has covered all of the objections we have raised.

The CHAIRMAN. Have you any further statement, Mr. Davis?

Mr. DAVIS. No, sir. I think I touched upon all the suggestions—I had to offer the other day in regard to the House bill.

The CHAIRMAN. Does the committee desire to ask any further questions of Mr. Davis?

Senator McLEAN. I think you were testifying the other day when Senator Calder was present?

Mr. DAVIS. Yes, sir.

Senator McLEAN. And he made the remark that if this provision in regard to ad valorem in the last section—25—was in operation there would not be an invoice of goods come out of Germany, I suppose because the valuation would be so high that they could not afford to do it. Were you on the stand when he said that?

Mr. DAVIS. Yes; I think I was.

Senator McLEAN. Do you agree to it?

Mr. DAVIS. Not that the invoices would not come forward at all, but that there would be no invoices in marks. They would all be in dollars and cents.

Senator McLEAN. Because the estimate would be so high if made in marks?

Mr. DAVIS. Yes.

Senator McLEAN. Will you not please explain that. I do not understand it.

Mr. DAVIS. Under our present law the shipper of merchandise must declare before the United States consul for goods that are sold to the United States the prices at which the goods are sold, and in the currency in which they are sold.

Senator McLEAN. To the importer?

Mr. DAVIS. To the importer. Consequently, if the importer buys in dollars and cents—and he will, of course, endeavor to buy in dollars and cents—that that currency will be given on the invoice—dollars and cents.

In the case of merchandise secured by the importer otherwise than by purchase, the law requires that the market value be stated on the invoice in the currency of the country. Of course, in those instances the German shipper or any shipper from any foreign country would have to state the market value in such currency. But the number of consigned shipments are proportionately slight. The majority of shipments are straight-purchase shipments, and the currency that will undoubtedly appear upon the invoices will be dollars and cents. When the appraiser will have to find the home market value in Germany in marks, and he will have to add this value to the invoice in his return to the collector in order that the collector may liquidate, under the provisions of the bill.

Senator McLEAN. Give an illustration. Take something in general use, like pocketknives, that is made in Germany. Under the Underwood bill, as I remember, the tariff is 55 per cent ad valorem on knives selling for more than \$1 a dozen?

Mr. DAVIS. Yes, sir.

Senator McLEAN. Suppose that the knife before the war cost 2 marks at par in Germany. That would be about 50 cents?

Mr. DAVIS. Yes, sir.

Senator McLEAN. Now, you add the 55 per cent ad valorem duty, and it runs up to 76 cents. You take that same article at the present time, and we assume that the home purchasing value of the mark is

8 cents, or one-third of the par, and the knife costs as much as it did before the war. Prices have risen in Germany as they have here, or two and one-half times as much, if you please. That would be 5 marks instead of 2; five times 8 would be how many cents that a knife would cost in Germany? Your ad valorem duty, 55 per cent, would be 60 cents, or a little over—much less than before the war?

Mr. DAVIS. Yes; but I do not think those are the facts. I do not know about knives particularly, but I think if you will take the German price of the knife in 1914, say, at 2 marks, 24 cents to the mark, you will find that the mark price of that knife to-day is about 30.

Senator McLEAN. That is the exchange value?

Mr. DAVIS. Yes.

Senator McLEAN. That is less than 2 cents. At 30 marks it would be a little over 50 cents.

Mr. DAVIS. The same equivalent gold value as in 1914.

Senator McLEAN. Yes; they would be about the same if you figured it up and if you estimated the purchasing value of the mark at 8 cents.

Mr. DAVIS. You would have to multiply your 30 marks by 8.

Senator McLEAN. In either case it would not be as low as it was before the war. Your 2 marks would be 50 cents before the war and now would be pretty close to that, if it costs as much as that.

Mr. DAVIS. I think it would cost a little more than that, perhaps.

Senator McLEAN. Are you sure about that?

Mr. DAVIS. Not in regard to the knives. I do not know anything about the price of knives.

Senator McLEAN. And a great many other things.

Mr. DAVIS. I have seen any quantity of commodities where the depreciated mark was involved, and the number of marks required to buy the article to-day has gone up in the relation that the currency has gone down.

Senator McLEAN. That is the gold value of the mark in gold here?

Mr. DAVIS. Yes.

Senator McLEAN. But in the debates in the House, as I read them, it was claimed and not disputed that if this valuation was retained as in this bill the tariff which the German exporter would pay would be much less than the rate under the Underwood tariff, and as far as I see in the debates it was not successfully disputed.

Mr. DAVIS. Well, I think he would pay just as much duty now and more on the number of depreciated marks converted as the true value of the mark than he did pay in 1914 on the same thing.

Senator McLEAN. But what I wanted to know was whether you had any information that you could give to this committee as to the cost of production in Germany which would be of value to this committee.

Senator McCUMBER. On the whole, the goods produced in Germany to-day, when measured by American dollars, costs less in Germany than they did in 1914, do they not?

Mr. DAVIS. In Germany, I think that is true.

Senator McLEAN. That is just the point.

Senator McCUMBER. They would cost less in Germany than they did before, and on the average the ad valorem duty would be less?

Mr. DAVIS. If you took the home German value.

Senator McCUMBER. Yes; but measured in American money.

Senator McLEAN. As the law is to-day?

Mr. DAVIS. Yes.

Senator McLEAN. That is the point I am making.

Senator LA FOLLETTE. Did you not state a few moments ago that the decline in the value of the money had been about offset?

Mr. DAVIS. For export to the United States the prices that the American importer pays in the United States, as a rule, has gone up in marks in about the same ratio that the mark has gone down.

Senator LA FOLLETTE. That is the German price that you are talking about?

Mr. DAVIS. No; the German price in the home country is lower.

Senator LA FOLLETTE. Why should that be so?

Mr. DAVIS. I do not know, but it is so.

Senator LA FOLLETTE. Are you sure it is so?

Mr. DAVIS. Oh, yes—I will not say in every instance, but in the greater majority of cases.

Senator LA FOLLETTE. Many things are oftentimes conceded that are not so.

Senator McLEAN. I think the purchasing power of the mark in Germany might naturally be more than it is here.

Senator SMOOT. Mr. Davis, it seems to me that this thing will work out in an entirely different way than we are anticipating now. If this provision works adversely to the German manufacturer in importing his goods into this country, why should he not sell his goods direct to England, and then England make a profit by shipping those goods here and selling them to America?

Mr. DAVIS. He could.

Senator SMOOT. And then we would not have any question of the amount of depreciation of currency, which could only be measured by what it is in England, plus whatever profit the merchant in England may want to make on the German goods, and ship them into this country.

Senator McLEAN. But the valuation would be much higher if valued in the English currency than in the German currency. The tariff would be higher.

Senator SMOOT. Not if the home value is no higher for the article.

Senator McLEAN. I do not understand that is so, because I happen to know that Americans are renting large factories in Germany to-day for the purpose of making goods, and they are doing it, hoping to take advantage of this tariff bill.

Senator McCUMBER. The home value in the case of shipments from Germany to England for export from England to the United States would be the English value, not the German value.

Senator SMOOT. That is what I say.

Senator McLEAN. Certainly, but if he sends them right straight from Germany—

Senator SMOOT. But it would not be nearly as high if the values of the depreciated mark were taken into consideration; it could not be. For instance, if Germany sells their goods on the basis of one and a half a mark to England, England can sell those goods to us and make a great profit and sell lower than the American manufacturer can on the basis of \$3.30 for an English pound.

Mr. DAVIS. Perhaps the Englishman would not sell the goods; the German might establish an agency in England or other countries where the currency was fairly stable.

Senator SMOOT. Either way. He could either sell or have an agency, and have the goods shipped from Germany into England and then from England into the United States.

Senator DILLINGHAM. Mr. Davis, the other day you were speaking about your difficulties in securing information as to the cost of production of goods in foreign countries. I understood you to say that the Treasury Department had only one man abroad representing the customs service to secure that information.

Mr. DAVIS. In Germany, only one man.

Senator DILLINGHAM. Well, how many have you in Europe, generally?

Mr. DAVIS. We have one in Germany; one in France, with an assistant; one in England, with an assistant; one assistant in Japan, and one in Canada.

Senator McCUMBER. Six, all together?

Mr. DAVIS. Six, all together.

Senator DILLINGHAM. I fell into conversation incidentally with a gentleman connected with the Department of Commerce, who told me they had 70 men abroad securing that very information, and I was wondering if that be true, why there was not coordination between the Treasury Department and the Department of Commerce in securing and in giving to officials of your character the information.

Senator McCUMBER. Have you inquired of the Tariff Commission how many they have?

Senator DILLINGHAM. No; I have not. But if that be true, the Tariff Commission has men there and the Department of Commerce has men there and the State Department has men there, why should not some arrangement be entered into by Congress by which all that information could be collected and laid before them?

The CHAIRMAN. It has already been stated, Senator Dillingham, that none of these bureaus or departments are obtaining information of the slightest value to the customs officials in ascertaining these things. I think it is a scandal the way the American Government duplicates work and indulges in the publication of worthless reports.

Senator DILLINGHAM. I think Congress has a duty to perform in that respect.

The CHAIRMAN. So do I. Ninety per cent of the reports are never read.

Senator SMOOT. Within six months it will have to be done or none will be issued except what Congress authorizes to be issued. We will know within six months what they are going to issue, anyhow.

The CHAIRMAN. Is there anything more, Mr. Davis?

Mr. DAVIS. That is all.

**STATEMENT OF MR. OTTO FIX, SPECIAL AGENT IN CHARGE,
COMPARATIVE VALUATION REPORT BUREAU, NEW YORK,
N. Y.**

The CHAIRMAN. I will now call Mr. Otto Fix, who has devoted some attention to this question, and is special agent in charge of the foreign value report bureau in New York customhouse.

How long have you held this position, Mr. Fix?

Mr. FIX. About one year.

The CHAIRMAN. What had you been doing prior to that?

Mr. FIX. I was examiner of merchandise for about 28 years.

The CHAIRMAN. Where at?

Mr. FIX. New York.

The CHAIRMAN. How long have you been in the Customs Service?

Mr. FIX. About 30 years.

The CHAIRMAN. From what State were you appointed?

Mr. FIX. New York.

The CHAIRMAN. Will you now state in your own way what suggestions you may have concerning this dumping valuation phase of the tariff bill?

Mr. FIX. In regard to the statement of Mr. Davis, the imposing upon the appraiser the duty in each instance to determine whether or not goods are of a kind or class comparable to those made in the United States, and establish the various necessary factors to determine dumping, I think, as Mr. Davis testified, that dumping bills should be operative only in such instances where it has been found that dumping does exist, or where it is likely to exist. If not so limited, it will be necessary in each instance for examiners to proceed to find all the necessary factors, as if dumping existed.

High-class original novelty cottons coming from France, of innumerable items for each of which the appraiser would have to determine the foreign market value at date of purchase, the sales price of a kind and class of merchandise which in no manner would come into competition with American-made goods, except through displacement.

The CHAIRMAN. Have you any figures to show prewar values, Mr. Fix?

Mr. FIX. This morning I received from the New York appraiser prewar values of various classes of merchandise and present prices, but I have not been able to go over the figures. But since there was a special reference to a knife from Germany, I looked over the figures, and find memorandum: Pocketknife, German, pearl handle, price May 20, 1914, 22.80 marks per dozen, converted at the rate of 4.20 to the dollar.

The CHAIRMAN. Is that gold standard?

Mr. FIX. That is gold standard. The same knife imported on March 14, 1921, cost 626.80 marks per dozen, converted at 61 marks 75 to the dollar, would show——

The CHAIRMAN. You mean, converted at the prevailing rate of exchange?

Mr. FIX. Yes, sir; at the prevailing rate of exchange, would show that there is an increase in price of 2,100 per cent, and an approximate depreciation of one-fifteenth in exchange value in the currency.

Senator McCUMBER. I did not quite understand that.

Senator SIMMONS. I do not understand it.

Mr. FIX. The value of the knife, prewar, was 22 marks; at the present time the value of that same knife is 626——

Senator SIMMONS (interposing). Quote both in dollars.

Mr. FIX. I will do that. I had not time to tabulate the figures.

Senator SIMMONS. Then take the time. We will understand it so much better.

Mr. FIX. Figuring 4 marks to the dollar, the prewar price was \$5.70 and the present price is \$10.03, the prewar price converted at 25 cents to the dollar; the present price converted at 1.6 cents per mark.

Senator SIMMONS. That is how much higher than before the war?

Mr. FIX. About 75 per cent.

Senator SIMMONS. Do you know whether that holds good generally as to the German manufacturer of goods?

Mr. FIX. I can cite of my own knowledge a few illustrations, but I have many other comparisons, not figured, I received 15 minutes ago, and which I have not been able to tabulate. German China-ware selling at 4 marks before the war or one dollar, is now increased fifteen times for home consumption, and sells at 60 marks. The same article to-day is being sold for exportation to the United States on the basis of 4 marks multiplied by 25 cents, which equals a dollar plus 150 per cent. The comparison being foreign market price 60 marks or 96 cents, and \$2.50 for exportation to the United States, and a prewar price of 4 marks or one dollar.

A certain German hemstitched linen towel sold before the war at 7 marks. The similar towel to-day is being sold for exportation to the United States at approximately 350 marks, or at an increase of fifty times. Certain machinery—if you will permit me, gentlemen, I would much prefer to tabulate these figures.

Senator LA FOLLETTE. Will you do that for the record and supply it, and convert it into our money?

Mr. FIX. Yes, sir.

Senator McLEAN. Before the witness leaves this subject, I want to go back to the knife. In your estimate of the valuation in Germany, where do you get that estimate; who makes it?

Mr. FIX. The estimation of the value in Germany?

Senator McLEAN. Yes.

Mr. FIX. That is the price paid by the American importer.

Senator McLEAN. That takes into consideration the value of the product in Germany, the increase in the cost of production there? Now, have you any comparisons as to the cost of producing the knife in this country with which that German knife would come in competition—the tremendous increase in the cost of production in producing that knife here?

Mr. FIX. No, sir; I have no comparison.

Senator McLEAN. Well, you see, of course, that if the knife costs 50 per cent less to produce in Germany, or 25 per cent before the war, than it did in this country, and you doubled the cost of production in those countries, as a result of the war, you double the difference in the cost?

Mr. FIX. Oh, certainly, Senator. But that illustration is simply to show—

Senator McLEAN (interposing). And you have got to have some protection to meet that if you meet the difference in the cost of production?

Mr. FIX. Yes, sir.

Senator McCUMBER. I would like to ask you a question, Mr. Fix. You gave the case of the knives and the towels. You gave the price in Germany before the war, and then you gave the price in which they were exported to the United States?

Mr. FIX. Yes, sir.

Senator McCUMBER. Will you now compare in the same qualities, or practically the same, in the home country, as compared with those, so that we will have the three items?

Mr. FIX. In the case of German chinaware sold for home consumption, the comparison would be \$2.50 export price and 96 cents for home consumption. In the case of the towel it is claimed by the German manufacturer on his invoice under affidavit that his home selling price is 33½ per cent lower than the export price. Recently a report from the Treasury Department attaché in regard to this towel showed that similar towels were not sold in Germany—that is, that in the foreign market they do not use a hemstitched towel. The hemstitched towel is an American article. The towel sold in Germany is a hemmed towel. Consequently, while there might be a home-market price computed from the costing system employed in arriving at the German home selling price, there is no definite comparison that could be made through sales in the home market of the identical towel. Comparing the system of costing, the export price did show the difference of 33½ per cent.

Senator SMOOT. There are a good many towels imported into the United States from Germany that are not hemstitched, just hemmed towels. How do they compare?

Mr. FIX. Senator, I think there are very few. I am very familiar with the subject of linen goods, as I have handled them for twenty-odd years, and it is very seldom that a towel imported from Germany is other than hemstitched.

Senator McCUMBER. It is not difficult to ascertain the difference in the cost in Germany between the ordinary hemmed towel and the hemstitched towel, is it?

Mr. FIX. No, sir; it is not. The operation of hemstitching simply consists of drawing the threads or punching and a needle operation.

Senator WATSON. Have you any figures to show the increases in the cost of production of the dyes in Germany as compared with pre-war conditions?

Mr. FIX. The appraisers have no figures as to the cost of production. It is only in few instances and where there is no home-market value that resort is to the cost of production. I can not answer your question. I know that in the sales of dyes to the United States it is customary for German manufacturers to concentrate dyes to such an extent that no comparable dyes are sold in the home market. In that case it would be very difficult to prove the home-market value of a dye different in its concentration.

Senator LA FOLLETTE. Is that concentration for the purpose of reducing the bulk?

Mr. FIX. Yes, sir.

Senator LA FOLLETTE. Reducing the cost of export?

Mr. FIX. Yes, sir.

Senator SMOOT. That is only a certain line. The great bulk that come into this country, or used in this country, come in dry?

Mr. FIX. Yes, sir.

The CHAIRMAN. Mr. Fix, have you any further suggestions to make as to amending or changing this antidumping title?

Senator SIMMONS. Before you do that, Senator—

The CHAIRMAN. Yes.

Senator SIMMONS. I understand you to say, Mr. Fix, that in the instances you have given the committee that the home selling price in Germany is less than the export price?

Mr. FIX. Yes, sir.

Senator SIMMONS. And considerably less?

Mr. FIX. Yes, sir.

Senator SIMMONS. I thought dumping was based on the theory that they were selling these goods in American markets for less than they could afford to sell them in the home market. That was what seemed to me the case here.

Mr. FIX. The cases illustrate——

Senator SIMMONS (interposing). Selling the goods for considerably more in the American market than they demand in the home market.

Senator SMOOR. The dumping act would not apply, then, Senator, in cases like that.

Senator McCUMBER. I do not understand anybody claims that that constitutes dumping.

Senator SIMMONS. Do you know of any instances where foreign-made goods are being sold now in this country at prices less than they are sold for in the home market?

Mr. FIX. Many of the appraisers advances in market values are due to that very fact.

Senator SIMMONS. To what?

Mr. FIX. To the fact that goods for exportation are sold at less prices than for home consumption. In countries where the currency is depreciated to the extent it is in Germany or the Balkan States—the governments exercise control over the export prices to insure receiving world value for merchandise; that is, such countries naturally seek to get full value for merchandise, and through control have placed a higher price for exportation to foreign countries than they have for home consumption.

Senator SIMMONS. I have had a good deal of talk about “dumping,” and I want to know whether it is going on in this country. You are in a position to know whether it is going on in this country or not, and if it is going on, can you give us any instances?

The CHAIRMAN. Is it not going on in the glove industry?

Mr. FIX. Gloves? You see, Senator, we have never considered the question of dumping, and our investigations have never been in that direction. We have never followed goods through to the ultimate consignee to obtain the price at which sold through an agency of the foreign manufacturer. I believe that would be the manner in which dumping would be done. It would not be done directly, but through an agency; in such manner only could the foreign manufacturer receive any ultimate gain through destruction of American competition.

Senator SIMMONS. We can not say positively whether they will be dumping or not, but it seems to me that you gentlemen who deal with this matter of imports might be able or ought to be able to tell us whether dumping is going on now or not?

Mr. FIX. As I said before, Senator, we do advance invoices to make market value, because of the price higher in the home market than at which sold. Under this law that would be “dumping.”

Senator SIMMONS. If the price is higher in the home market—

Mr. FIX. Yes, sir.

Senator SIMMONS. Than the price charged here, you say that would be dumping?

Mr. FIX. Yes, sir.

Senator SIMMONS. Well, then, if that is dumping in our country, if any American products are sold abroad cheaper than they are sold here, that would be dumping on our part, would it not?

Mr. FIX. I do not know if the Senator understands the term "dumping."

Senator SIMMONS. Well, I understood you to say that if the foreign product was sold in this country for less than it was sold in the country of production, that that was dumping under this bill?

Mr. FIX. Yes, sir.

Senator SIMMONS. Measure it by the standards that we propose to fix in this bill, if American products are sold in foreign countries at less than they are sold in the American market, would not that be dumping on our part?

Mr. FIX. If it was done for the purpose of injuring the trade of the country to which these goods are exported.

Senator SIMMONS. Then, according to that, these German goods that come over here and are sold at less than they are sold in the German home market would not be dumping unless the Germans did it with specific intent to injure?

Mr. FIX. Yes, sir.

Senator SIMMONS. How are you going to ascertain what the intent of the German people is in that regard?

Senator McCUMBER. Mr. Fix, selling goods from this country abroad for less than the price we sell in this country, whether that would be dumping or not would depend entirely upon what the law was in the country to which it was consigned, would it not?

Mr. FIX. Yes, sir.

Senator McCUMBER. Some countries might have an antidumping law and some might not have such a law.

Senator McLEAN. What I am getting at is this—whether we wanted to apply to these countries of Europe a different standard than we were willing that they should apply to us?

Senator WATSON. Take, for instance, the matter of wool. Have not great quantities of wool been sent to this country in order to take advantage of the situation before we put a tariff on; has or has not that been done? Have not great quantities of wool, for instance, been sent to this country in order to escape a high tariff?

Mr. FIX. Surely.

Senator WATSON. Is or is not that dumping, in your judgment, within the meaning of this bill—suppose that law were enforced?

Mr. FIX. Providing those goods were sold for exportation to the United States at a lower price than they were sold in the home market for home consumption.

Senator SIMMONS. I was just thinking of the charges we have heard about the Steel Corporation, selling their products at less in other countries than they are selling in this country. If we should adopt this plan against other nations, although they have no anti-dumping laws, it might incite retaliation.

Senator WATSON. Of course, Senator, it is to be presumed that if the United States Steel Corporation sells its products abroad at two-thirds what it can get here, that they could not sell that product here, and that that is the surplus which they sell abroad, because if they could get the full price here they would sell it here.

Senator SIMMONS. We are proposing a policy here, and the point that I am making is that if foreign nations adopt that policy against us those foreign nations may punish us in the same way, and we may lose our opportunity of dumping. I know some of the trusts have claimed that that dumping was good policy, and enabled them to get rid of their surplus goods which they could not sell in this market and that it was a wise policy therefor. Now, I say that if we punish dumping from other countries, other countries may punish dumping from us, and you may shut out of those markets which have heretofore been opened to our surplus products which I have just referred to.

Senator SMOOT. The only answer to that argument is that foreign countries do not buy from us any more than they are really compelled to and do not pay anything more than they have to, and therefore that would not cut any figure as far as foreign countries are concerned.

Senator McCUMBER. I want to ask Mr. Fix one question: Do you know whether the gloves that are being imported into this country are sold at a price that it would be impossible for the American manufacturer to meet?

Mr. FIX. I do not know.

Senator SMOOT. Have you any figures showing what the prices of the gloves that are being imported from France and some other countries into this country are?

Mr. FIX. I may have among these papers.

Senator SMOOT. I understand that competition in gloves is so great that the glove manufacturers of the United States are only running about one-fourth their capacity.

The CHAIRMAN. Ten per cent, I am informed.

Senator SMOOT. Take it as a whole, I think more than likely there are many instances where they are not running more than 10 per cent.

Mr. FIX. I can state this: A representative of a large glove importing firm stated to me that they were on the point of canceling German orders on account of the advance in prices, and I have heard similar statements from other importers that because of the prices Germany is charging for export to the United States they have reached a point where they could no longer compete.

Senator SMOOT. What about France? There is where the most of our gloves come from right now.

Mr. FIX. Are you referring to kid gloves or cotton gloves?

Senator SMOOT. All kinds of gloves, but particularly kid gloves.

Mr. FIX. I know nothing about kid gloves. I was speaking of cotton gloves.

The CHAIRMAN. That kind comes from Germany, not from France.

Senator SMOOT. The kid gloves come from France.

Senator McLEAN. Can you tell us whether the importations of textile goods have increased or decreased recently?

Mr. FIX. In the last three months I think they have decreased considerably.

Senator McLEAN. From Germany?

Mr. FIX. Yes, sir; I have not the statistics, but that is my personal opinion.

Sections 203 and 204 of the House bill contain the definition for foreign market values, subdivided into foreign home value for home consumption and the values to countries other than the United States.

I would suggest that these two paragraphs be combined, the foreign market value to be, first, the home consumption price, and second, if not so sold, then the price for exportation to countries other than the United States.

I would further suggest that the word "value" in sections 203 and 204, be changed to "price." Combining these two sections would shorten the phraseology of the bill and make its application more definite.

Wholesale quantities, as provided for in these sections, are the wholesale quantities freely offered for sale in the United States. This is a departure from the present law, which has been construed to mean the "usual" wholesale quantities sold for home consumption. The reason for the change is the absence of the jobbers in foreign countries. The manufacturers sell direct to the retailers in small quantities at prices higher than at which sold in larger quantities to the United States.

To illustrate, books are sold in England at the list price, and in lots of possibly a dozen, and for exportation to the United States in lots of a thousand, at the list price less 33 $\frac{1}{3}$ per cent. Comparison should therefore be made between market values and sales price for like quantities. That is the basis of the Canadian law.

I would suggest that the provision "the wholesale quantities in which offered for sale in the United States," be taken out of section 203 and placed in a separate section, and that such section provide for adjustment of the difference in price due solely to difference in quantity.

Section 205 is a definition of cost of production. As I read that section, I understand it to mean the cost of labor and material of the merchandise under appraisement, plus the usual or average profit in the district where produced. It is conceivable that a manufacturer, whose purpose is to figure through dumping an American industry, could have his cost of the imported merchandise so arraigned that no investigating officer could establish dumping. Raw materials of the imported merchandise may be by-product or waste material, and as such carried on the books at a nominal cost, whereas on the open market there may be a higher price. Therefore, I think the cost of production should not be limited to the cost of the particular manufacturer, but that the cost of production should be established from the general cost in the district of production of materials, fabrications, general expense and profits.

Section 206 is a definition of the term "sales price." Mr. Davis has already touched on this subject, but I would like to suggest that this section, which includes under the term "sales price" the purchase price of the buyer purchasing direct from the manufacturer or producer, and the sales price in the United States of goods sold indirectly by the manufacturer or producer through an agency, that a separation

be made and the first class described as "purchase price," and the second class described as an "exporter's sales price," in order that the term "exporters" may be defined. In that way the appraiser would know exactly what deductions should be made from the exporter's sales price.

The foreign manufacturer may sell his merchandise in a foreign market at a certain price, and likewise sell his merchandise in this market at the self-same price, plus shipping charges and duty, but not including the selling expenses in this country, transferring the latter to his foreign account. The transferral of selling expenses may represent the extent of the dumping. It is conceivable that a foreign manufacturer may sell jobbers in the United States at a price and sell small jobbers or retailers at the self-same price, plus shipping and duty charges, and by not including in his sales price to the small jobber or retailer the selling expenses drive every jobber out of business.

Therefore, from the "exporter sales price," the selling expenses in the United States should be deducted so that it might be established whether the net return to the manufacturer is lower than the foreign market value, or if none exists, the cost of production, and if dumping is found, the additional duties assessed.

Senator WATSON. You think this bill as formulated would not be free from administrative defects?

Mr. FIX. No, sir; I do not think it would reach the result that Congress desires.

Senator McLEAN. Is your suggestion to be embodied in this Walker general recommendation?

Mr. FIX. Yes, sir.

Section 207 provides that a special duty in an amount equal to the difference between the foreign price and the sales price at the time of exportation should be taken. I think that "the time of exportation" should be changed, in cases of purchased goods, to the "date of purchase." My reason for this suggestion is that dumping occurs when a sale is made, at a price lower than the market value, and not because, at the date of exportation, the market price has advanced beyond the purchase price, or the reverse that because on the date of exportation, the market value is lower and has become equal to the purchase price, that no dumping sale was made, if sold on the date of purchase a price lower than the market price.

Senator SIMMONS. You mean it should be fixed at the time of sale in this country?

Mr. FIX. I mean it should be fixed at the time of sale, but in the case of merchandise procured otherwise than by purchase, on the date of exportation.

Senator McCUMBER. It may not be exported for three or six months after purchase?

Mr. FIX. It may not be exported for two or three years.

The CHAIRMAN. Have you any further suggestions or statements to make?

Mr. FIX. No, sir.

Senator SIMMONS. Mr. Chairman, you have not had up to this time any hearings specifically directed to the limitation of exchange. The hearings have been largely on the dumping feature of the bill.

The CHAIRMAN. If you will permit me to get through with about one more witness, then we will recall Judge De Vries. You said you would like to ask him some questions. Then if there is anyone else you desire to call before the committee, I would be very glad to have them come.

Our next witness will be Judge Israel F. Fischer, of the Board of General Appraisers, and a former Member of Congress, who has devoted considerable attention to these matters.

Senator SIMMONS. What I had in mind, Mr. Chairman, was, why take these hearings in sections? If a witness can give us any information in reference to the exchange provisions of the bill, why not go on and ask him about that, as well as the dumping?

The CHAIRMAN. I will be very glad to, Senator. I invited these witnesses to state in their own way their opinion of this bill. I supposed that included valuation.

Senator SIMMONS. They have not discussed it.

The CHAIRMAN. They have not discussed it. We will recall any of them you desire. We will begin with Judge Fischer, or let him begin in his own way, and you can inquire of him afterwards.

Senator SIMMONS. All right.

The CHAIRMAN. The Chair is informed that Mr. Fix has some valuable material on prewar prices and present prices of foreign merchandise, and he will furnish that data to the stenographer as part of his remarks.

(The following table furnishes the information referred to:)

Comparison of prewar prices with present export prices.

GERMAN GOODS.

Description (page 113).	Prewar prices.		1921	
	Marks, at \$0.238.	United States dollars.	Marks, at \$0.016.	United States dollars.
ARTICLE.				
Razor.....	18.86	4.01	315.00	5.04
Pocketknife.....	22.80	5.43	626.80	10.03
Beaded trimming.....	.086	.02		.019
Artificial flowers.....	1.60	.25	16.50	.26
Yarn, wool, singles, 40s.....	3.00	.71	59.10	.95
Wool broadcloth.....	3.00	.71	86.00	1.38
Cattle-hair cloth.....	1.40	.33	38.00	.51
Wool cloth.....	2.75	.65	80.00	1.28
Inlet bed ticking.....	.67	.16	18.75	.30
Penelope canvas.....	.29	.07	8.75	.14
Knitting machines.....	1,100.00	261.80	22,889.00	365.90
Incandescent lighting bulbs.....	9.50	2.26	125.00	2.00
Machine needles.....	40.00	9.52	780.00	12.48
Plano wire.....	1.45	.33	29.00	.46
Paper machine wire cloth.....	6.50	1.54	128.00	2.05
Enameled steel wire.....	.84	.20	16.58	.27
Bronze powder.....	.95	.23	16.00	.26
Rubber ball.....	17.20	4.09	257.00	4.11
Jointed doll.....	27.00	6.43	490.00	7.84
Color prints.....	.17	.04	1.60	.04
Oatmeal paper.....	.30	.07	10.00	.16
Blank books.....	8.75	2.08	105.00	1.70
Scientific articles.....	.80	.19	12.00	.19
Silverware.....	.11	.03	3.00	.05
Violins (cheap).....	4.30	1.14	182.00	2.91
Woman's lamb gloves.....	24.00	5.71	475.00	7.60
China plate.....	4.05	.93	35.25	2.47
Lambskin covers.....	6.60	1.61	270.00	4.32
Rabbit-skin cuttings.....	.35	.08	6.00	.10
Polished cotton yarn.....	2.00	.48	64.00	1.08

Comparison of prewar prices with present export prices—Continued.

GERMAN GOODS.

Description (per unit).	Prewar prices.		1921	
	Marks, at \$0.238.	United States dollars.	Marks, at \$0.016.	United States dollars.
ARTICLE—continued.				
Torchon lace articles.....	7.08	1.68	169.00	2.70
Embroidered laces.....	.15	.04	2.50	.04
Hosiery, cotton.....	8.40	2.00	230.00	3.64
Gloves, cotton.....	15.50	3.70	375.00	6.00
Linen huck towels.....	8.75	2.08	384.00	6.14
Clay pipes.....	7.75	1.84	330.00	5.28
Photo dry plates.....	1.10	.25	18.00	.29
Patent blue (coal-tar color).....	2.75	.66	109.00	1.54
Anidol (chemical).....	12.26	2.91	126.45	2.02
Binoculars.....	150.00	35.70	1,500.00	24.00
Dimethyl amino phinazone.....	30.00	7.14	550.00	8.80
Apollinaris water.....	10.65	2.54	328.00	5.25

ITALIAN GOODS.

Article.	Prewar prices.		1921	
	Lira at \$0.193.	United States dollar.	Lira at \$0.048.	United States dollar.
Reggino cheese.....	225.00	43.42	1,390.00	68.72
Majolica vase.....	59.88	11.56	171.50	3.23
Monumental statuary.....	86.00	16.59	370.00	17.76
Anchovies.....	50.00	9.65	300.00	14.40
Peeled tomatoes.....	35.00	6.75	300.00	14.40

CZECHO SLOVAKIA GOODS.

Article.	Prewar prices.		1921	
	Crown at \$0.203.	United States dollar.	Crown at \$0.0135.	United States dollar.
Tooth brushes.....	39.90	8.08	.....	23.17
China plates.....	4.17	.85	.....	2.37
25 single cotton yarn.....	2.50	.51	133.00	1.86
Bugle beads.....	2.60	.53	75.00	1.01
Bentwood chairs.....	3.38	.68	73.17	1.05
Leghorn straw plateaus.....	2.60	.50	14.00	.67
Artificial silk.....	13.00	2.51	76.00	3.65
Pocket knife.....	6.00	1.22	150.00	1.97

STATEMENT OF HON. ISRAEL F. FISCHER, MEMBER OF THE BOARD OF GENERAL APPRAISERS.

The CHAIRMAN. Judge Fischer, you may go ahead and state in your own way what suggestions you have to make relative to this bill.

Mr. FISCHER. In view of all that has already been said, Mr. Chairman and gentlemen, there is very little for me to say, except that in a few particulars we differ from the last witness and Mr. Davis, especially as to the items. Attention has already been called to the committee, consisting of Mr. Walker, Mr. Beaman, Mr. Davis, Judge DeVries, and myself, and we will shortly report to you suggested changes.

There is one particular in which we differ from Mr. Fix, and that is in regard to the cost of production. There is a suggestion that the cost of production in some instances should be taken as of the date of the contract. In reference to that, I think this situation may illustrate it as well as any other:

A man may enter into a contract with a German or an English manufacturer for some cotton cloth of a certain character which requires two or three months to produce. The suggestion is that the contract price be the price at which the goods may be purchased or contracted for. The law at present, which we consider best, is that the cost of production shall be as the date of exportation. You can never tell what sort of a contract we may be confronted with. If a man is honest there would be no reason to dispute it, but these laws are made to protect the Government against the man who is not honest.

Senator SMOOT. Judge Fischer, take a case of this kind: One of the large department stores in Chicago, we will say, sends their agent to Germany or England or any other country for the purchase of goods. The German manufacturer has his samples that the purchasing agent selects from. Those goods are not made, but they are sold to the department store upon a certain date. That department store is a wholesaler. They come back and send their travelling men all over the United States and sell those goods on the basis of the contract price. It would take three months with cotton goods, or it would take nine months with woolen goods, before they are exported, before they can be exported.

Now, in the meantime, the price of those goods may have advanced, or may have decreased. If we pass a law here imposing certain duties on the goods at the time they are exported, suppose they have increased 50 per cent. the fellow who has bought them has already sold them. He can not change that price in the United States, and he is the loser.

Mr. FISCHER. That is the condition under the present law.

Senator SMOOT. I know, but would it not be very much better that under this emergency bill, and that is what this bill is, to have it at the time of purchase rather than the time of exportation?

You take the situation in Germany to-day, as it has been testified to here, and it is natural that Germany would do it. Goods in Germany are advancing right along. The Germans will advance those goods just as rapidly as the market will consume them, naturally. You would do it, anybody else would do it. That is what Germany is doing now.

Senator WATSON. There is no difference between what Germany is doing and any other nation, is there?

Senator SMOOT. Every other country would do the same thing.

Senator WATSON. We have referred to Germany in this discussion, as if that country was our only competitor.

Senator SMOOT. I said in the first place "Germany and other countries," but I confined myself to Germany.

If those goods were purchased in Germany three months ago, and they are sold throughout the United States, if we fix it at the date of exportation I do not know how those people are going to make any money. You may lose a great deal.

Mr. FISCHER. Assuming that a man has made a contract three months prior to exportation at a given price, and has sold his goods conditioned on that price and cost of delivery, there could and probably would remain in the stock of that manufacturer a large amount of goods of similar character which he sells a week or two before exportation. They would arrive on the same steamer, and you would collect two bases of value on the same class of merchandise.

Senator SMOOT. Not if they were sold in Germany on that prior date.

Mr. FISCHER. These would not be sold on that date. The purchaser here may have purchased goods on that date, but this manufacturer may have a large amount of similar goods that he would ship on the same steamer. They would come in on the same steamer with the goods contracted for three months before. One would pay one basis, and the other would pay another basis.

Senator SMOOT. The American purchaser would have to take his chances, the same as he does on the increase or the decrease of the price of goods in this country.

Mr. FISCHER. Yes, but we would be levying unequal duties.

Senator SMOOT. They would all be priced at the same time?

Mr. FISCHER. No; they would not all be priced at the same time but they would come in on the same steamer.

Senator SMOOT. That could happen.

Mr. FISCHER. It often happens. You take a large manufacturer with considerable capital who lays in a stock of raw material, which the small manufacturer can not do, his contract price is lower than the man he is competing with.

Senator SMOOT. That often happens in the purchase of merchandise in this country.

Mr. FISCHER. It happens everywhere.

Senator SMOOT. The market price figures in that, but we are passing a law here that will apply, it seems to me, in a way that in many, many cases that would be very disastrous to the purchaser.

Senator McCUMBER. Mr. Witness, should there not be a difference in the matter of time of fixing your tariff in cases that apply simply to the dumping, and the question merely of collecting a tariff? A man may purchase nine months prior to that date and there might be such a change of law that if you take the standard at the time of exportation you would make a man who was innocent at the time of purchase guilty at the time of the arrival of his goods of a breach of the antidumping law.

Mr. FISCHER. The antidumping law will operate or not, depending upon discovery of whether such a thing exists. If it does not, the present law applies.

Senator McCUMBER. If you take one standard, the standard of the date of purchase, there might be no dumping; but if you take the standard of valuation applying to the dumping law at the time of exportation, that original purchase might be converted into an unlawful sale in the United States.

Mr. FISCHER. True, but I presume what Congress intended to do was to protect American manufacturers and purchasers against low prices.

Senator WATSON. That is exactly what I want to do.

Senator McCUMBER. And at the same time protect the honest purchaser.

Mr. FISCHER. The law should not work a hardship upon American purchasers, and yet the Treasury should be protected and American industries protected.

Senator SIMMONS. Senator Smoot, I want to ask you one question. You say it would be six and sometimes nine months after the purchase of certain classes of goods before they are delivered. Is it your position that if goods abroad were contracted for nine months ago at a certain price, and they come in here to-day, although the price has fallen to one-half, they must pay a duty on the price that existed nine months ago, instead of the price that exists to-day?

Senator SMOOT. Absolutely. It would be the same if there was an increase. That is fair to everybody. Not only that, but it prevents the middleman or the wholesaler in the United States from taking advantage of an increased price that may exist. On January 1 bids for woolen goods are opened for the next winter. Those goods are not delivered until October, November, and December of that same year. They would not be shipped from the foreign market until that time. The sample pieces may be shipped by July 1, but the main stock would not go forward until October or November. And those goods are all sold, Senator.

Senator SIMMONS. That looks to me like legislation to protect the purchaser against loss. I did not suppose our legislation was to protect a man against loss as a result of changed market conditions.

Senator SMOOT. It does not protect him against loss alone; it would benefit him in the case of gain.

Senator SIMMONS. I do not want to argue it. I just wanted to find out what you meant.

Senator SMOOT. It applies to goods increasing or decreasing in price, and the purchaser gets the benefit if there is an increased price.

Senator SIMMONS. Why are you protecting the purchaser against loss? You are subjecting or may be subjecting the consumer to a loss, by reason of the fact that he would have to pay a higher price on account of the importation of higher duties than the market conditions justify.

Senator SMOOT. Senator, it is just as the Senator says. If the price at the time of purchase was lower than at the time of exportation, under this provision, if we keep it as of exportation, that would be dumping goods into this country, under the provisions of this law.

Would it not, Judge?

Mr. FISCHER. Practically so, yes, sir.

I do not know what more I should say, except that Mr. Fix suggested that in ascertaining the difference in the value between the price for exportation and in the home market, that like quantities ought to be considered. We would never find such a condition. Like quantities are never sold. One man may take more and another less. We never would be able to administer a law based on that theory. There might be only a difference of a gross or a bolt or a difference in yardage. You would never find like quantities. They could always defeat it in making their invoices or sales.

There is another section on the currency section. I do not know whether the committee wants to take that up or not.

The CHAIRMAN. Yes; we do, Judge.

Senator SIMMONS. I would like to read a letter I have here into the record, and see what you have to say about it, as to whether that is a true statement of the effect of this provision. It is not written to me. It is written to Hon. J. F. Carew, House of Representatives, Washington, D. C., and has been transmitted to me. It is from Wimbacher & Rice, gloves, 39 Union Square, Broadway and Seventeenth Street, New York. It says:

NEW YORK, April 16, 1921.

Hon. J. F. CAREW,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: We wish to enter our earnest protest against that section of the emergency tariff bill now pending before Congress which relates to the arbitrarily fixed value of foreign exchange as a basis for duty valuations.

If this section of the proposed bill should become a law, it would, in our opinion, react to the detriment of the poor and middle classes of our people in so far as our goods are concerned (we handle gloves exclusively), as the amount of duty collectible on this article would make the price prohibitive and would probably result in the abandonment of importations of this class of merchandise.

As a concrete example of how the proposed legislation would affect the consumer, a cotton glove purchased abroad at 500 marks per dozen at the current rate of exchange (160) would cost \$8, and with the present rate of duty, 35 per cent. added would lay down in this country for \$10.80 and would be sold to the retailer at about \$13.50, who in turn would sell it to the consumer at about \$1.50 per pair.

This same glove based on the foreign value of 500 marks, or \$8, at the current rate of exchange would, under the proposed fixed rate of exchange for the mark, pay duty on \$40 value at 35 per cent, amounting to \$14, which plus the cost abroad would make the laid-down cost in this country \$22 per dozen.

This glove could not be sold to the retailer at less than \$27 per dozen, who in turn would have to sell it to the consumer at \$3 per pair in order to make a legitimate profit. Under the proposed legislation, therefore, you double the price to the consumer.

By barring out all imported gloves you create a practical monopoly for the American glove manufacturers, and while we are firm believers in protection for American industries we feel that this would enable such of our manufacturers who might be so inclined to exact from the consumer a high price for their product, and would result in benefiting the few manufacturers at the expense of the millions of consumers.

We trust that we may enlist your able services in protesting in the Senate against the enactment of the proposed legislation.

Yours, truly,

WIMBACHER & RICE.

Senator SIMMONS. I want to ask you if that is a fair statement of the effect of this provision of this bill?

Mr. FISCHER. If you take the current exchange, the value of the mark, which is 1.60 cents, by taking the 66⅔ per cent depreciated allowed by this bill it would make the mark about 8 cents. Naturally, if the cost is increased, the landed cost here would be increased to that extent.

Senator CALDER. The duty would have increased fivefold?

Mr. FISCHER. Practically that.

I was going to call attention to another feature. This provision was inserted in the bill at the request of the House Committee on Ways and Means. I prepared the language of it. The object sought to be accomplished was to meet the same condition prevailing in Italy, where the Italian Government made that same restriction. I understand they have recently canceled it, but for a period of time they required the Italian lira to be taken at 66⅔ per cent reduction only and would not allow the 90 per cent reduction the exchange showed its value to be.

Senator WATSON. You say they have since changed that?

Mr. FISCHER. I have been so told.

Senator WATSON. Why?

Mr. FISCHER. I do not know. I have had cases before me where on invoices the consul has certified the lira to be worth only one-third its original value, allowing a reduction of 66 $\frac{2}{3}$ per cent, so that while it was quoted at 4 and 5 cents in the exchange they certified it at an equivalent of 6 $\frac{1}{2}$ cents. The Ways and Means Committee thought they would adopt the same sort of legislation. If that meets with the approbation of Congress, it might be well to insert a provision that these duties should not prove cumulative. Do I make myself clear to you?

Senator DILLINGHAM. I think you had one point you wanted to call attention to when you were interrupted.

Mr. FISCHER. I think I did state that, Senator. It was with regard to taking values in equal quantities should be considered.

Senator DILLINGHAM. I had the impression you had been interrupted.

Mr. FISCHER. Such a provision might prove a scheme to easily evade the law. They sell it in quantities of thousands, and they can sell it in nine hundred's. We have got to use some discretion and common sense in carrying out the law. We are always guided by the evidence and try to find a just way of administering the law, so the Government will receive its duties and yet it shall not work a hardship upon the importer or purchaser.

Senator WATSON. You made the remark that under this restriction the duties would be cumulative. What did you mean by that?

Mr. FISCHER. If you impose a penalty for dumping, say 50 per cent, and you add another penalty for the difference in exchange, you impose both.

Senator WATSON. But that in itself would not do it.

Mr. FISCHER. I think it could be easily corrected by saying that in no event should duties be cumulative.

Senator WATSON. Would that estimation of depreciation, in your judgment, amount to an embargo on goods from Austria or Germany?

Mr. FISCHER. In that connection, I also suggested to the committee that the bill might contain a limitation. You take some country where, for instance, the currency is worth about 6 mills, you could provide that as it should not be less the one-third of its former value in no case shall it be greater than a certain sum. We should at least put our friends, who were not our enemies during war time, on an equal basis with those other countries.

Senator CALDER. That provision would be prohibitive against Germany, would it not?

Mr. FISCHER. I can not say. I doubt it is so in all instances. If you levy a duty at the foreign market price, there may be a greater difference between what they sell to their own people and the exportation price. Take a case of an invoice in dollars and cents, which may come in at \$2,500. The foreign market value in marks would be much less than that, reduced by the rate of exchange. We also suggest to you gentlemen that there should be a provision that the appraisers shall always return the appraised value in the current currency of the country, so that duties should be assessed

at the value in the home market price and not on the export price. This is necessary also to disclose if there be dumping.

Senator SIMMONS. Will you please state that again?

Mr. FISCHER. The appraising officers now appraise merchandise in the currency of the country of exportation. If, however, they are satisfied that an invoice for \$1,000 covers the value of the goods they will pass it at that and you can not go back of that. If you can compel the appraisement in the current currency of the country, you then get back to the value in the country from whence it is exported. In Italy there are portions of the country where there are two currencies. They use the French franc as well as the Italian lire, and that condition exists in other countries. So that it should be not only "the currency of the country," but the "current currency" of that country. You can only find the foreign market value in the kind of money they deal with. A German has no American dollars to buy goods with; he uses marks.

Senator WATSON. You can easily translate that into American dollars.

Mr. FISCHER. We have got to take the foreign market value. You can cover that. I think the gentlemen on the drafting committee have rather reached an agreement to cover that point.

The CHAIRMAN. Have you an amendment prepared?

Mr. FISCHER. Yes, sir; I think we will be able to report to you in a day or so.

Senator McLEAN. You do not think that basis of appraisement would be an embargo against German importations?

Mr. FISCHER. It will if the Germans insist upon advancing their values so as to meet us, but I imagine they will be able to show by their invoice their sales price at a price which would possibly equalize that.

Senator McLEAN. Yes; I think so, inasmuch as we are the only country to which they can go to-day and sell goods at anything like the price we can pay for them.

Mr. FISCHER. Of course, the market value has advanced considerably on many articles in Germany. Whether that is to meet the difference of fifteen times the depreciation of their money or the cost of production, I do not know. Wages have gone up to some extent.

Senator McLEAN. When you estimate the increase in the cost of producing an article here, you must take that into consideration? You must take into consideration the increase in cost here.

Mr. FISCHER. Naturally.

Senator McCUMBER. Did you say that wages have generally gone up in Germany?

Mr. FISCHER. Yes, sir.

Senator McLEAN. When you consider the increase in cost in Germany, it seems to me that, notwithstanding this provision limiting the ad valorem valuation to one-third, we will say, of the present value of the mark, the tariff rates are lower than they would be under the Underwood bill.

Mr. FISCHER. Oh, yes; two-thirds lower.

Senator McLEAN. Then, there would be no trouble about getting them up higher under the provisions of the Underwood act. Do you not think so?

Mr. FISCHER. Naturally; but you have to place a limit somewhere. Otherwise, we can not expect conformity to the present law.

The CHAIRMAN. Why were not these suggested amendments and corrections submitted to the Members of the House of Representatives?

Mr. FISCHER. Speed was the essence over there.

The CHAIRMAN. Speed rather than quality?

Mr. FISCHER. Not entirely so. We think possibly we will be able to report some amendments to you gentlemen very soon.

The CHAIRMAN. Then, it would be better for us to not make so much speed and try to get this thing right.

Mr. FISCHER. Make haste slowly; but I do not think it will make a day's difference.

Senator McCUMBER. We had witnesses before us when we considered this same bill during the winter months. I think two or three gave us the gold wages generally in Germany, based upon the American dollar at that time, and their conclusion was that in gold the German workman did not receive nearly as much then as before the war. Do you think he receives more?

Mr. FISCHER. As to its equivalent I do not know. He receives more units.

Senator McCUMBER. Of course, he receives more units, more marks.

Mr. FISCHER. The value is another matter.

Senator McCUMBER. The only standard we have to-day is the American dollar?

Mr. FISCHER. Exactly.

Senator McCUMBER. The evidence showed that they did not receive nearly as much as they did prior to the war.

Mr. FISCHER. I can not tell you as to that. Of course, it costs less to live there. He gets along with less.

Senator McCUMBER. Yes; he has to live there.

Mr. FISCHER. But as to its equivalent, I can not say.

Senator SIMMONS. Judge, in the case I called attention to a while ago, under the present law these gloves would have to pay a duty of \$2.80, while under this act they would have to pay a duty of \$14.

Mr. FISCHER. That is five times.

Senator SIMMONS. You do not think that is a typical case?

Mr. FISCHER. If the market price has advanced to meet conditions that are equal to the cost of production as it is to-day, with the same profit and everything added, that would be excessive, but if the price has not advanced it would not so result. It depends on what may be considered as dumping.

Senator CALDER. Entirely apart from dumping, would not that be excessive duty?

Mr. FISCHER. No; I think not. It would, with the system of collecting duties by liquidating on the basis of 66⅔ per cent reduction instead of 1⅔ cents.

Senator SIMMONS. Yes; that would be a duty in that particular case, where it is now 35 cents, or five times that, or \$1.75.

Mr. FISCHER. Five times the original rate.

Senator SIMMONS. One hundred and seventy-five per cent.

Mr. FISCHER. In the case of Czechoslovakia and other similar countries I do not know what effect it would have in those countries. The law speaks of the depreciation of the "coin value" of the cur-

rency. Those countries have no coins. They are entirely on a paper basis; so is Poland.

Senator SIMMONS. Is not Italy in nearly as bad a condition?

Mr. FISCHER. The Italian lira is about 1 cent under that allowance. It is not so seriously affected as some other countries.

Senator SIMMONS. The rate of duty we would impose upon importations from European countries would vary very largely, would it not?

Mr. FISCHER. Oh, naturally.

Senator SIMMONS. It would be less in the case of Great Britain and Scandinavian countries?

Mr. FISCHER. If a country's currency is normal, they will pay 100 per cent rate, as against another country with a depreciation of 30 per cent.

Senator CALDER. That is not just, is it?

Mr. FISCHER. That is the law to-day. In cases where the coin value has depreciated 10 per cent, duties are assessed and collected on the exchange valuation of that depreciated currency. If there is no depreciation, you take it at its full value.

Senator CALDER. As long as the coin has depreciated, it would make no difference in the end?

Mr. FISCHER. For duty purposes it would. We recognize that difference in the old law. The act of 1894, section 25, provides for that allowance. Section 2903 of the statutes provides that the President shall issue a proclamation when that depreciation occurs.

Senator SIMMONS. Under the present law you levy a duty approximately upon what those goods would be sold for in our money in their own country, do you not?

Mr. FISCHER. No, sir; in the currency of the country from which they come.

Senator SIMMONS. I understand that; but when you convert it you convert that into American dollars?

Mr. FISCHER. Oh, yes; in the liquidation.

Senator SIMMONS. And you are imposing a duty on the value at which those goods are sold in the country of production?

Mr. FISCHER. Yes, sir.

Senator SIMMONS. Under this law, would that be true?

Mr. FISCHER. Under this law the depreciation of the currency is limited.

Senator SIMMONS. Take the case I gave you; on the basis of \$40 as the selling price or value in Germany, that does not represent the price received in Germany.

Senator CALDER. \$8 is the actual selling price.

Senator SIMMONS. \$8 is the actual selling price.

Mr. FISCHER. If you did not have the act of 1894 covering the currency you would take the mark at 23.8?

Senator SIMMONS. Oh, yes.

Senator CALDER. Of course, we have that act.

Mr. FISCHER. It allows that depreciation.

Senator CALDER. And this bill limits that depreciation?

Mr. FISCHER. This bill limits that depreciation.

Senator CALDER. Yes; and the country whose currency has fallen off will be at a great disadvantage.

Mr. FISCHER. In Austria it is over 1,000 per cent.

Senator CALDER. Their invoices would come in from that country in dollars and cents, or else they would export through some other country.

Mr. FISCHER. It would be appraised at its value in the latter.

Senator CALDER. They would send their goods to Switzerland or Denmark for shipment, to avoid that.

Mr. FISCHER. That value would be increased that much.

Senator CALDER. That seems absurd to me. I can not understand why it should be done.

Senator McCUMBER. I do not think it has been done, and I do not think it will be done.

Senator SIMMONS. Would it be possible in Austria, under present conditions, to export anything to amount to anything?

Mr. FISCHER. I do not know, sir.

Senator SIMMONS. And you do not think it would be feasible in many instances for Germany or Italy to do so, do you?

Mr. FISCHER. If they insist upon selling in dollars and cents, you would not reach it at all, unless you appraise it in the current currency of the country of exportation. As the law stands now it would not affect it at all, because they simply invoice it at dollars and cents.

Senator CALDER. Judge Fischer, could they invoice in dollars and cents under the terms of this provision we are discussing?

Mr. FISCHER. Our intention is to amend it by requiring its appraisal in the current currency of the country of exportation. I have had cases from Italy, canned goods, where the invoice in American dollars was four dollars and a half a case. The appraiser appraised them in the currency of Italy. At rate of exchange the American price was \$1 higher than the Italian home market price; that is, if we take the lira at the current rate of exchange. At the current rate of exchange the home market price is less than four dollars and a half. In that case the American paid \$1 per case above the market price in Italy. The man would have been penalized 75 per cent if we had affirmed the appraiser, although he paid more than the foreign market price.

Senator SIMMONS. Do you think this provision of the bill we are discussing now would be possible of administration without working great hardship and discrimination in many instances?

Mr. FISCHER. Do you mean with this currency provision or without?

Senator SIMMONS. With this currency provision in the bill.

Mr. FISCHER. If the goods are sold at the increased price, that would prevent many things coming in. If they are invoiced at the home market price, it may not have that effect at all. If the price to Americans would be equal to the home market price, it would balance itself.

Senator McLEAN. You suggest the bill should be modified?

Mr. FISCHER. Yes, sir.

Senator SIMMONS. As I read that, it includes merchandise.

Mr. FISCHER. Yes, sir.

Senator SIMMONS. What was my question.

Mr. FISCHER. Yes, sir; it would. We purpose to bring it in so that it will cause no injustice.

The CHAIRMAN. Will you submit your amendments and put them in the record? To-morrow we will take it up with Mr. Walker.

Mr. FISCHER. We are working in conjunction.

Senator SIMMONS. I have not been able to understand the judge all the time, but I think he was talking about amendments and I was talking about the bill.

Mr. FISCHER. We were talking together.

The CHAIRMAN. The committee will stand adjourned until half past 10 to-morrow morning, and it is hoped the experts and correspondents will continue to attend the sessions. To-morrow morning we will hear importers and business men particularly interested in the valuation part of the measure.

(Thereupon, at 12 noon the committee adjourned to meet again at 10.30 a. m., Friday, April 22, 1921.)

EMERGENCY TARIFF AND ANTIDUMPING.

FRIDAY, APRIL 22, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met pursuant to adjournment, at 10.30 o'clock a. m., in room 310, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Curtis, Watson, Reed, Hitchcock, Spencer, and Simmons.

The CHAIRMAN. The committee has before it Mr. Thomas J. Doherty, representing the National Council of American Importers and Traders, who desires to make a statement, and in the absence of Mr. Walker, who has some further expert testimony to give, I will ask Mr. Doherty to proceed in his own way.

Mr. DOHERTY. Mr. Franklin is president of the organization and I am here to speak for it.

The CHAIRMAN. Mr. Doherty, the committee can not hear a large number of persons. The thought of the committee is to have one, or at most two or three, if need be, selected to represent the views of all persons on the same proposition. How many persons does your association want to have heard?

Mr. DOHERTY. I was going to have Mr. Franklin state who we were, and then I was going to make the talk; and I am the only speaker. With permission, I will insert list of delegates present from our council.

(The list submitted by Mr. Doherty is here printed in full, as follows:)

DELEGATES PRESENT FROM NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS, FLATIRON BUILDING, NEW YORK CITY.

N. E. Franklin, Kny-Scheerer Corporation, surgical instruments.
C. G. Pfeiffer and Thomas J. Doherty, Geo. Borgfeldt & Co., general merchandise.
- M. B. Schmidt, B. Illfelder & Co., toys.
Charles Riotte, Stern & Stern, veilings.
F. Nolan, Milbank, Leonard & Co., woollens.
William J. Corbet, Alfred Efeld & Co., cutlery.
I. S. Wolf, I. S. Wolf & Co., silks.
M. Wimmelbacher, Wimmelbacher & Rice, gloves.
H. O. Lloyd, Julius Kayser & Co., gloves.
M. Wecker, Wecker & Co., velvets.
M. S. Steinhart, A. Steinhart & Co., beads, jewelry, and novelties.
Peter Fletcher, Lamb, Tinsley & Co., linens.
Frank Van Leer, jr., secretary.

Senator McCUMBER. Before going on with this testimony, in order that I may put in a letter in conjunction with another letter of similar character, I wish to insert in the record a letter from the Persian Rug Manufactory. It deals entirely with this matter of the American valuation, and gives specific instances of what it would mean on dealings with Austria, Germany, and Italy, as a comparison. I will not read it, but ask that it may be inserted in the record at this time.

The CHAIRMAN. The letter submitted by Senator McCumber will be inserted, if there is no objection.

(The letter submitted by Senator McCumber is here printed in full, as follows:)

NEW YORK, April 20, 1921.

Hon. P. J. McCUMBER,
United States Senate Chamber,
Washington, D. C.

SIR: There has recently passed the House a bill known as H. R. 2435, which contains a provision limiting the depreciation of exchange to 66 $\frac{2}{3}$ per cent. This provision undoubtedly passed the House because the Representatives were not properly informed upon the effect thereof, and we wish to submit to you the following example of the results which will accrue from the enactment of this legislation, so that you may in your judgment eliminate this feature from the bill.

The table below shows the cost in Austrian kronen, German marks, and Italian lira for three items which at the present rate of exchange would cost in American money \$10 each, and, adding the duty (which we assume to be 50 per cent, as it is on rugs), we obtain the landed cost with freight omitted. With this proposed bill in operation, limiting the depreciation of exchange to 66 $\frac{2}{3}$ per cent and leaving the duty at 50 per cent, we then show the landed cost of the same items, and you will observe that in the case of Italy it is 10 per cent greater, Germany 130 per cent greater, and Austria 1,466 per cent greater.

	Austrian kronen.	German marks.	Italian lira.
Foreign cost.....	7.00	640	210
Cost in dollars, present exchange.....	\$10.00	\$10.00	\$10.00
Duty at 50 per cent.....	5.00	5.00	5.00
Cost landed (freight omitted).....	15.00	15.00	15.00
Foreign cost in dollars as above.....	10.00	10.00	10.00
Duty at 50 per cent with limitation clause.....	225.00	25.00	6.50
Cost landed (freight omitted).....	235.00	35.00	16.50

Briefly, this means that imports from Italy would be reduced, those from Germany probably stopped and those from Austria absolutely stopped, and the Government, instead of receiving more revenue than they would with the limitation of exchange omitted, would receive none. Furthermore, the Austrian business which will perhaps in time make Austria again independent, would be ruined and we would again have to support them with charity. We therefore recommend eliminating all limitation of exchange, as even a limitation of 90 per cent in the case of Austria would prohibit absolutely importations from that country, and the same is true with Poland and the other countries where the currency has so radically depreciated.

Very respectfully, yours,

PERSIAN RUG MANUFACTORY.
GILES WHITING.

STATEMENT OF MR. N. E. FRANKLIN, PRESIDENT, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS, NEW YORK CITY, N. Y.

The CHAIRMAN. State your full name.

Mr. FRANKLIN. My name is N. E. Franklin.

The CHAIRMAN. Whom do you represent?

Mr. FRANKLIN. I am president of the National Council of American Importers and Traders.

The CHAIRMAN. State in your own way what you desire to present to the committee.

Mr. FRANKLIN. Mr. Chairman and gentlemen of the Finance Committee, we are here as a committee from the National Council of American Importers and Traders. We know your time is very valuable, and we do not want to take up any more of it than possibly we have a right to, and we have therefore requested that one of our directors, Mr. Thomas J. Doherty, represent us in the matter. With your permission, Mr. Doherty will address you. Thank you.

STATEMENT OF MR. THOMAS J. DOHERTY, DIRECTOR, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS, FLATIRON BUILDING, NEW YORK CITY.

The CHAIRMAN. You have a brief here, Mr. Doherty, presented to the committee, signed by N. E. Franklin, president. Do you desire to have that inserted in the record?

Mr. DOHERTY. I should like to, Senator, if you will permit it?

The CHAIRMAN. Without objection, the brief may be inserted in the record.

(The brief of the National Council of American Importers and Traders submitted by Mr. Doherty is here printed in full, as follows:)

To the members of the Senate Finance Committee:

THE EXCHANGE EQUALIZATION MEASURE.

President Harding's message to Congress and quotations from spokesmen of the Republican Party in the House and the Senate make it clear that, while the policy of protecting American industry is to be continued, every means shall be made use of to promote American trade in all parts of the world and to preserve the merchant marine built up during the war.

In order that neither of these legitimate purposes be sacrificed, every proposal in connection with tariff legislation should be most carefully considered.

An important case in point is the amendment proposed in section 14 of the new bill merging the temporary tariff measures (emergency tariff, antidumping, and exchange-equalization measure) that section 25 of an act entitled "Act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August 27, 1934, be amended.

Section 25 of said bill refers to the values of the standard coins in circulation in the various nations of the world, estimated by the Director of the Mint, and to be proclaimed quarterly in January, April, July, and October of each year. The value so proclaimed shall be followed in estimating the value of foreign merchandise, the consular certification date of any invoice to be considered the date of exportation.

The objectionable amendment reads:

"That in the estimating and liquidation of duties upon any imported merchandise, the collector of customs or person acting as such, shall not in any case estimate the depreciation in currency at more than 66 2/3 per cent."

This amendment goes far beyond the purpose indicated in its name. "exchange equalization measure," because it is based on a false assumption. The proposed

measure assumes that the home market values in foreign countries have remained the same, having been little or not at all affected by the war and by the depreciation in the exchange rates. It undertakes, therefore, to equalize the depreciated rates of exchange, so that the Government may get the same amount of duty that it would have gotten had the exchange remained normal. Foreign prices have not remained the same, however, as every merchant knows; they have, on the contrary, advanced enormously—the greater the depression in currency the greater have been the advances in price.

The appraising officials of the United States Government have the best opportunity to compare prewar prices, converted into dollars at normal rates of exchange, with present-day prices, converted into dollars at the prevailing rates. Their minds are unprejudiced by self-interest and they are unanimous in declaring that the depreciation in the value of foreign currencies has been more than equalized, in the vast majority of cases, by correspondingly great increases in their prices—that, in fact, the Government is collecting more duty now, on many articles, than it did before the war. (See the official letter of the United States appraiser at New York, printed on p. 4025 of No. 35 of the "Hearings Before the Committee on Ways and Means," Feb. 15, 1921.)

It is clear that foreign manufacturers and merchants are compelled to advance their selling prices in order to compensate the depreciation in the purchasing power of their respective currencies. Since their depreciated currency is all they can use in the payment of their purchases of raw materials and merchandise from more favorably situated countries, such as the United States, for instance, they could not do otherwise and survive.

No explanation has been given so far for setting the limit of depreciation at 66⅔ per cent of the normal rate of exchange. It appears to be an arbitrary limit. It is well, therefore, to examine what the effect on the dutiable values of merchandise will be in those countries where the exchange rate falls below this minimum.

Country.	Normal exchange in cents.	Present exchange rate in cents.	66⅔ per cent from normal exchange rate in cents.	That is, the duty will be times as much as now paid on the prevailing rate of exchange.
Poland.....	23.82	0.13	7.94	61
Austria.....	20.26	.32	6.76	21
Hungary.....	20.26	.39	6.76	17½
Jugoslavia.....	20.26	.71	6.76	9½
Germany.....	23.82	1.62	7.94	4.88
Czechoslovakia.....	20.26	1.40	6.76	4.75
Rumania.....	19.3	1.65	6.43	4
Serbia.....	19.3	2.85	6.43	2½
Italy.....	19.3	4.6	6.43	1½

Japan, England, and France are omitted, because it seems highly unlikely that their exchange rates will fall below the 66⅔ limit.

America must aim to grant equal opportunities to all countries, but it is evident from the above that those countries who have no depreciated currency, or whose depreciated currency does not fall below the 66⅔ provision and whose economic condition is, therefore, obviously better, will have great competitive advantage in this country as against all other countries less fortunately situated. The advantage the Far East is supposed to enjoy, on account of a wage scale lower than that of Europe and America, will be increased many times in this market, as against goods of Italian and Central European origin. Austria, already in a deplorable situation, will be discriminated against in an extraordinary degree, her trade with us will be paralyzed. Italy will be under a considerable handicap, as compared with France, Spain, and England. If the exchange rates of Czechoslovakia and Jugo-Slavia are to be based on the normal exchange rate of the Austrian coinage, as assumed in above table, they will suffer severely, although surely no discrimination is intended against them.

The limit of 66⅔ per cent, if adopted, must lead to a very marked decline in, if not the entire exclusion of, importations from Central Europe, the restoration of which market is one of our greatest needs. It must, in many instances, nullify the measures undertaken to make possible the exportation of our surplus products necessary to relieve the prolonged stagnation of American business. Clearly too this measure is not in the interest of the Government, for it will greatly diminish the customs revenue.

There is an extraordinary inconsistency in legislating so that imports from many European countries will necessarily be cut off and at the same time resuscitating the War Finance Corporation for the express purpose of financing exports from the United States to European and other countries. Such exports, from the very nature of things, can only be paid for in goods imported from those countries. The incorporation of a \$100,000,000 export bank indicates the realization of the urgency of finding an outlet for our rapidly accumulating agricultural and manufactured surplus, but this seems to have been overlooked when the ill-considered exchange equalization measure was drafted.

Central Europe is a large consumer of our products, such as cotton, copper, and manufactured goods, and it is in urgent need of them yet can not pay except in merchandise. Not only will our farmers and manufacturers suffer if this measure is passed but so will our newly created merchant marine. Ships that have no return cargo can not be profitably run, and our American merchant fleet is already handicapped by relatively high operating costs. Even our railroads can not remain unaffected, because westbound freight is as important a source of revenue as are east-bound shipments.

The proposed amendment before the committee means practically an embargo against imports and a cessation of our exports to all countries whose currencies are greatly depreciated, and a much reduced trade (import as well as export) with all countries except those whose currencies have remained above the limit of 66 $\frac{2}{3}$ depreciation.

We call attention to the language of paragraph 25 of section 2, which is ambiguous in that it does not state whether the collector shall apply the minimum depreciation provision only to entries which will be made following the passage of the act or whether it shall be applied to all entries made prior to but not liquidated until after the enactment.

Paragraph 25 of section 2 of the proposed emergency tariff act reads as follows:

"Provided, That the Secretary of the Treasury may order the reliquidation of any entry at a different value whenever satisfactory evidence shall be produced to him showing that the value in United States currency of the foreign money specified in the invoice was at the date of certification at least 10 per centum more or less than the value proclaimed during the quarter in which the consular certification occurred: *Provided further*, That in the estimation and liquidation of duties upon any imported merchandise the collector of customs, or person acting as such, shall not in any case estimate the depreciation in currency at more than 66 $\frac{2}{3}$ per centum."

To avoid litigation, serious hardship, and expense, the provision with reference to the liquidation of entries should be in explicit and clear language leaving no doubt as to the entries that it is intended should be affected by it. As a very considerable time elapses after the entry is made before the liquidation is completed (usually from six months to one year, and even longer) a provision without a specific reference to the dates of the entries to which it applies would become retroactive, and cause great injustice. The merchandise in most cases would have been sold on the basis of the tariff act in force at the time of the importation.

Imports from and exports to depreciated-currency countries for the calendar year 1920.

[From Table No. 9, Department of Commerce.]

Country.	Imports from—	Exports to—
Poland.....	\$733, 114	\$99, 929, 171
Austria.....	300, 898	19, 237, 495
Hungary.....	185, 504	1, 487, 242
Yugoslavia.....	(1)	(1)
Germany.....	88, 835, 340	311, 437, 377
Czechoslovakia.....	10, 159, 776	7, 077, 579
Rumania.....	22, 311	11, 093, 037
Serbia.....	(1)	(1)
Italy.....	75, 357, 579	371, 767, 274

¹ No figures.

Mr. DOHERTY. Gentlemen of the committee, in reading the reports of the hearings that were held by the Ways and Means Committee last December and during February, and also reading the debates in Congress, it impressed me that what this whole matter depends on is purely and simply an issue of fact; that is all that we are concerned

with. If, as some of the gentlemen have said, the Government is being mulcted of its appropriate duties, then some method should be adopted to secure those duties. If, for example, as some gentlemen seem to think, an article that before the war was invoiced at, say, 10 lire, using the Italian currency for illustration, it would be \$1.93, and the Government was getting duty on \$1.93; if, I say, that article is still being invoiced at 10 lire, but at 4.6 cents a lira, and the Government was only getting duty on 4.6 cents where it used to get duty on 19 cents, then I say that the situation calls for a radical change, and there is a necessity for this legislation.

As a matter of fact, however, there is no such thing as that in existence. That is not so. As a matter of fact—and it can be demonstrated and will be demonstrated with mathematical certainty—the Government is not only getting the same amount of duty as it did before the war, but it is getting a higher amount of duty in many instances, for the reason that whereas before the war an article was invoiced at, say, \$1 and duty was paid on \$1, duty is now now being paid not only on \$1 but in many instances on \$1, \$2, \$3, or \$4.

In the very brief remarks I am going to make to-day I am going to talk only in real money; that is, dollars; we will not concern ourselves with depreciated currency at all.

The CHAIRMAN. You are an importer, are you?

Mr. DOHERTY. Yes, sir; I am connected with an importing house; that is to say, a house that does both an importing and exporting business and a very large domestic business, and is also a large domestic manufacturer.

The CHAIRMAN. And you appear here as attorney and representative of this National Council of American Importers?

Mr. DOHERTY. I am a member of the board of directors of this National Council of American Importers and Traders, and I am speaking for them, and, of course, for all the importers that we represent. Our membership is nation wide; it is not merely a local affair; it includes merchants from every corner of the country, and it includes merchants who are not only direct importers but who are dealers in imported goods and also in domestic goods.

The CHAIRMAN. How many members have you in your association?

Mr. DOHERTY. This organization is new. It was started only about a month ago, and we have now about 275 actual members, but the potential members run into thousands.

The CHAIRMAN. What do you mean by "potential members?"

Mr. DOHERTY. Those who are most likely to become members because of their interests, because of the fact that this is a matter of life and death to them. I want to say, also——

Senator REED (interposing). Permit me to ask, in line with your question, Mr. Chairman, what class of men belong to this organization; what kind of concerns?

Mr. DOHERTY. Why, corporations and individuals and partnerships.

Senator REED. Are they large importers?

Mr. DOHERTY. Large importers and small importers, both, Senator.

Senator REED. What classes of goods?

Mr. DOHERTY. All classes of goods; imports generally; all kinds of merchandise; for example, the particular house I am connected

with imports almost everything under the sun and exports in the same variety.

The CHAIRMAN. Which house is that?

Mr. DOHERTY. George Borgfelt & Co., of New York. They are composed exclusively of American citizens, and, as a matter of fact, if I may say so, their business is over 60 per cent domestic goods.

The CHAIRMAN. Your membership is chiefly composed of people living in New York or doing business there?

Mr. DOHERTY. Up to the present time, although we have members in San Francisco, Chicago, New Orleans, Minneapolis, Indianapolis, and St. Louis. This is a matter that appeals to all importers and those who are interested in imported goods; it is not a local matter at all.

I have got here some concrete examples in proof of our contention, namely, that in point of fact and in truth and substance, and as has already been demonstrated by the entirely disinterested Government officials, Uncle Sam is merely getting not only as much duty as he got before the war, but more, because there has been a natural rise in the intrinsic prices of goods, that is, the prices expressed in dollars; and, incidentally, some of these exhibits will show the result of this legislation.

Senator SMOOT. Is there any greater increase in foreign countries than the increase in the United States?

Mr. DOHERTY. I am told—of course, on that, Senator, I can not give any expert testimony, because I have not made an exhaustive investigation of the subject, but in consultation with many gentlemen who are informed, they say in some foreign countries the proportionate rise has been even higher than here.

Here is a sample of an Italian lace [exhibiting sample of lace to the committee.] This lace is worth \$1 for a given unit. It is filet lace, handmade, imported from China, and also from Italy. The Italian lace is \$1; the present duty is 60 cents. The Chinese lace, exactly like it—you can not tell one from the other—cost 50 cents in China, and pays a duty of only 30 cents, that is, at the present time.

Under this proposed legislation Italy is one of the countries that will be affected by it—and China will not be affected because the Chinese currency is not depreciated to any extent. The Italian lace will pay a duty of 84 cents; the Chinese lace will only pay a duty of 30 cents.

Senator McLEAN. You are referring to section 214?

Mr. DOHERTY. I am addressing my remarks to section 214, the currency valuation section.

Senator McLEAN. What is your interpretation of that section?

Mr. DOHERTY. That is what the section says, Senator.

Senator McLEAN. Do you think that the Government has any right to estimate the value of an import in one currency, that is, fixing the value of the currency, we will say, of the mark at 8 cents, and then deny to the man who pays the duty the same valuation? Would we not be discriminating against that country and violating all our treaties?

Mr. DOHERTY. Absolutely, if I understand you correctly.

Senator McLEAN. If your interpretation is right. I understand the experts do not all agree with you about it. They seem to think

that your view is right. That is to say, the man who pays the duty will be entitled to have the mark valued at the same value as it is estimated by the customs officials and the courts will so construe the the act. Have you had that brought to your attention and given it any thought?

Mr. DOHERTY. If I understand you correctly, and we have any discrimination as against the countries affected by it—

Senator McLEAN (interposing). If your interpretation is correct, it certainly will, because you multiply—take the case of a mark—the duty by 5?

Mr. DOHERTY. Yes.

Senator McLEAN. That is discriminating?

Mr. DOHERTY. Absolutely.

Senator McLEAN. Not only that, but you are estimating the value by one measure—one kind of value—and compelling the payment of the duty in another; that is, you are measuring the value of the goods in the mark valued at 8 cents?

Mr. DOHERTY. I am not; the Government is.

Senator McLEAN. Yes. And you are compelling the man to pay the number of marks valued at 1.6?

Mr. DOHERTY. That is surely the result of this bill; there is no doubt of that. I heard the testimony of the Government officials during the week. They are all old colleagues of mine, and they said nothing to the contrary of that.

Here is what will happen: If you have, for example, the same article, identical in all material respects, imported from different countries—Japan, China, Holland, Sweden, Denmark, Italy, Czecko Slovakia, Roumania—imagine for a moment that there is an identical article in all respects; that article coming from Japan or from France or from England will pay a duty of 10 cents; that article coming from Italy will pay a duty of 14 cents; coming from Germany that article will pay a duty of close to 50 cents.

Senator McLEAN. Pardon the interruption there, but we want to get at the crux of this thing: Was this point discussed before the House committee, and did you appear?

Mr. DOHERTY. No, I did not. The House committee had some testimony to this effect from some Government officials. They said the same thing exactly that I am saying now, that under this construction you would be getting a wholly artificial value of some currency and at the same time accepting other currencies at actual market values.

Senator McLEAN. Some do and I understand some do not. In the debate in the House, Congressman Longworth and others who defended this measure, insisted that the rate would be lower than under the Underwood tariff, because, first, as I assume, the duties would be paid by the importer at the same valuation that they used when the value of the goods was estimated by the appraiser—

Mr. DOHERTY (interposing). No.

Senator McLEAN. It must be so.

Mr. DOHERTY. Let us get down to dollars and cents; that is the only real money there is; and I am going to talk in dollars and cents.

Senator REED. Let me ask a question for my information. I have not been on the committee, and the chairman will pardon me

if I try to get a little light. There is a bill that passed the House of Representatives proposing to regulate exchanges. Is that what you were discussing?

Mr. DOHERTY. Yes sir.

Senator REED. Very well.

Mr. DOHERTY. That is all I am addressing myself to. Under this proposition, on certain depreciated currency, the collector will be bound to take it at one-third of the proclaimed value of that currency.

Senator SMOOT. Confine yourself to one case which we have already had up, and that is this: Take a German case, say, 1,000 marks. In American money to-day that would be \$15, and if the limitation of 66⅔ per cent was not in section 214, the duty would be imposed on \$15. But with that limitation, of 66⅔ per cent, the 1,000 marks would be \$80, and the duty would be imposed on \$80. Now, confine yourself to that, because everybody agrees to that proposition.

Mr. DOHERTY. Yes.

Senator SMOOT. That is what it really is. Confine yourself to that in answer to my question as to whether it is discrimination.

Mr. DOHERTY. Yes, it is a discrimination for this reason, that similar merchandise imported from Great Britain, of approximately the same valuation, would pay duty only on its actual value.

Senator SMOOT. We know there is a discrimination involved, but what I mean to say is confine yourself, in your opinion as to whether it violates the favored-nation clause, whether the value of the money of England and the value of the money of Germany or any other country has anything to do with the question of favored-nation clause, seeing that it all has to be treated on the basis of 66⅔ per cent as a maximum amount to be charged.

Mr. DOHERTY. You have injected a wholly new thought in this discussion. I have been here all the week, and none of the gentlemen who have spoken before the committee have considered that view of it at all. I think it is a rather large question to be propounded to one who has not prepared on it; I am, therefore, hardly ready to answer that.

Senator SMOOT. Every member of the committee knows, of course, that is a difference in the depreciation of the mark and the depreciation of the pound sterling of England. In that way there is a discrimination?

Mr. DOHERTY. Yes.

Senator SMOOT. But the only thing we are taking into consideration here at the present time would be whether the favored-nation clause is violated in the limitation of the 66⅔ per cent.

Mr. DOHERTY. The best I could give you on that point would be simply an offhand opinion, and so far as I know and so far as I am able to judge I would say that the nations with whom we have treaties containing the favored-nation clause would have just ground for complaint, because the legislation will result in absolute prohibition. I do not know whether that had been brought home to you sufficiently or not, but it means an absolute embargo, because it will be impossible for those countries to come here and pay this enormous duty in competition with countries upon whom no such impost is laid.

Senator McCUMB. Mr. Doherty, just one word along that line. If goods are manufactured which cost \$1 in Great Britain, and the same kind of goods are manufactured in China which cost but 25

cents and the duty is 60 per cent, it would cost \$1.60 for Great Britain to put her goods into the United States; it would cost 40 cents for the Chinaman to place his goods in the United States on the same tariff basis. It is not a discrimination simply because it would absolutely be the equivalent of an embargo against the British goods in competition with the Chinese. You would not call that discrimination against the favored nation clause, would you?

Mr. DOHERTY. Certainly not.

Senator McCUMBER. Then what is the difference as to whether the conditions are such that on account of the currency or other conditions in any country that they cost so much less, or which makes the applying of a general rule impossible for one country to import while another country, which could produce it cheaper, could import?

Mr. DOHERTY. But without this legislation, just at the present moment, for example, differences in the cost of production exist. Well, they are natural and inevitable. Of course, they could be met by means of differential duties, but that has nothing to do with this question. But you are creating something artificial; you are creating a difference that does not exist.

Senator McCUMBER. Suppose we were merely to take those in which both countries can still sell at an advantage and increase its duties 100 per cent on both. Then the British would be cut out entirely and the Chinaman could still import. You would not say that would be contrary to the favored-nation clause?

Mr. DOHERTY. I do not say anything that is the result of the operation of natural causes would be. You can not by any possibility call that discrimination, but when you undertake——

Senator McLEAN (interposing). You are giving an artificial value to German money and Italian money.

Mr. DOHERTY. You are giving an artificial value to German money and Italian money which does not exist at all. You are calling the German mark 8 cents, whereas in no place in the world is it 8 cents. You are interfering directly with the course of commerce and trade throughout the world. You are, if I may paraphrase the remark of our distinguished President, putting more Government into business than there ever was before. You are interfering by this legislation with something that you should not because it is violating inevitably the fundamental laws of commerce. Inevitably both the currency of these nations and the goods of these nations must meet the acid test of the world's commerce; that is to say, they must be measured in terms of gold.

When Germany or any other country—Czeckoslovakia or Poland—sends its products out into the world, they are going to be valued on the world basis. They are going to be measured in the terms of gold, because that is what the world knows; and that is the reason I am trying here to limit myself to talk in dollars and cents and leave out the other complications entirely, because if these goods are now being imported at a price in dollars equivalent to or greater than they were when the Underwood tariff law was enacted, then what need of this legislation is there? Why should you then undertake by this section to multiply by 5 in some cases and to multiply by 9, 17, and even as high as 61 in others the amount of duty they are paying in accordance with our law?

I recall there were some appeals made to the sympathies of the Democratic Members, and they were urged to get the duty Mr.

Underwood wanted you to get. Those statements are against the actual facts. They simply would say—and some gentlemen here mentioned Congressman Longworth's remarks on the floor of the House—I read them, and I can only say that Congressman Longworth, like all other human beings, only knows what he has been told. One is not born with knowledge. But I have here the absolute concrete proof that those things are not true; they are not correct; there have been misrepresentations made. Here is a table showing a series of surgical instruments.

The CHAIRMAN. Do you want to have that table put in the record?

Mr. DOHERTY. I should be glad to have it put in, Senator.

The CHAIRMAN. Without objection, that may be done.

(The table referred to submitted by Mr. Doherty is here printed in full, as follows:)

List of 20 items representing surgical instruments of popular patterns, picked at random from our catalogue, showing the relative cost in marks and dollars in 1914 and 1921.

No.	Item.	F. o. b. German factory.				Rate of duty.	Cost and duty, 1914 (4.20 marks per dollar).	Cost and duty, 1921 (62 marks per dollar).	Cost including proposed duty under the currency valuation clause (marks at approximately 8 cents).
		1914		1921					
		Marks each.	Dollars each.	Dollars each.	Marks each.				
B/499....	Carmalt's artery forceps, box lock, 6½-inch.	1.40	0.33	0.85	52.70	Per cent. 20	\$0.396	\$1.02	\$1.70
B/598....	Kocher's artery forceps, 6-inch.	.85	.20	.40	24.50	20	.24	.48	.80
B/2000....	M. O. knife, U. S. Army pattern.	.95	.23	.35	21.70	20	.276	.42	.70
B/5640....	Mathieu's needle holder, 8-inch.	1.70	.40	.85	52.70	20	.48	1.02	1.70
B/5603....	Hegar's needle holder, Rochester pattern.	1.45	.45	.85	52.70	20	.54	1.02	1.70
B/7624....	Straight scissors, 8-inch.	.55	.13	.25	15.50	30	.169	.325	.622
B/7645....	Curved scissors, 5½-inch.	.75	.18	.35	21.70	30	.234	.455	.87
B/8103....	Lister's bandage scissors, 7-inch.	1.05	.25	.55	34.10	30	.325	.715	1.368
E/6532....	Reverdin's perineum needle.	1.90	.45	1.00	62.00	20	.54	1.20	2.00
C/1425....	Graefe's cataract knife.	.85	.20	.45	27.90	20	.24	.54	.90
C/15904....	Tooth forceps, box lock.	1.60	.45	1.06	65.72	20	.54	1.272	2.12
C/4551....	Buck's ear curette....	1.60	.24	.50	31.00	20	.288	.60	1.00
C/4917....	Jansen's mastoid rongeur.	2.75	.66	1.50	92.00	20	.792	1.80	3.00
E/413....	Tarnier's forceps, obstetrical.	12.00	2.66	6.00	372.00	20	3.43	7.20	12.00
B/4252....	Volkmann retractor, hollow handle.	1.65	.25	.50	31.00	20	.30	.60	1.00
B/4547....	Langenbeck's metacarpal saw.	1.70	.40	.75	46.50	12	4.48	.84	1.196
B/7163....	Thumb forceps, 5-inch.	.40	.09	.20	12.40	20	.108	.24	.40
B/7453....	Feilchenfeld's splinter forceps.	.55	.13	.30	18.60	20	.156	.36	.60
D/2701....	Van Buren's sound of one piece.	.31	.07	.20	12.40	20	.084	.24	.40
E/2513....	Foerster's sponge forceps, 9½-inch.	1.50	.31	.55	34.10	20	.372	.66	1.10

Mr. DOHERTY. I want to pick out just a few. By the way, this table was made up entirely at random, that is to say, they were not selected articles at all. No. 1 on the list in 1914 was imported at a cost of 33 cents; in 1921 the foreign cost is 85 cents, and in 1914 Uncle Sam got a duty of 20 per cent on 33 cents, or a little over 6 cents; he is now getting a duty of 17 cents.

Senator REED. Foreign cost, in what country?

Mr. DOHERTY. In the country of Germany. That is in dollars; this is always in dollars. Here is another one that in 1914 was \$2.86, and the Government got 20 per cent on that. The price now is \$6. That is what they are paying for that same article.

Senator SIMMONS. What article is that?

Mr. DOHERTY. Surgical forceps. I will not read the whole series.

Senator WATSON. You mean \$6 in Germany?

Mr. DOHERTY. F. o. b. Germany; and upon the top of that, are all the transportation and insurance and landing charges.

Senator McLEAN. If you are expressing this in dollars and cents, why can not the Germans value their goods in dollars and cents, and so evade the law altogether?

Mr. DOHERTY. They could do that, of course, and a great many transactions are now in dollars and cents. It has already been suggested to me that an amendment perhaps will effectively meet that. The amendment of Mr. Fischer suggested that the appraiser, notwithstanding that the invoice was in American dollars and cents, will appraise in the currency of the country. These articles, for example, he would appraise in marks. There the iniquity that would come in of the collector in liquidating assigning a value of 8 cents to those marks, and so greatly exaggerating the real value; also raising the appraised value by an enormous percentage. From another friendly country, Czechoslovakia, which was formerly part of the Austro-Hungarian Empire, we get a good many goods. Last year, according to the Government's statistics, we imported more from Czechoslovakia than we sent to them.

The CHAIRMAN. What kind of goods?

Mr. DOHERTY. We get glassware, and the Carlsbad china is made in the country of Czechoslovakia, and also a lot of small wares that appeal particularly to women. They are made over there, and I do not think it would ever make any difference what duty was put on because our labor does not bother with that sort of thing. These little brooches and beads, and the like of that. That reminds me that now since the women have a vote they will think very deeply over these things here.

Here are some beads [exhibiting samples to the committee]. Women, you know, are primitive to a certain extent; they do not go into the refinements at all. They find out that the things they used to get can not now be obtained. They were patriotic during the war, but that motive of patriotism has disappeared.

The CHAIRMAN. The committee has had no protest from the enfranchised women of the land. [Laughter.]

Mr. DOHERTY. These proceedings have not yet had the publicity they deserve and will get. We have here some loose white chaton beads. In 1914 they cost \$1.62 per unit of a thousand. The duty was 32 cents. At the present day those same articles, which cost

\$1.62 in 1914, cost \$2.40, the Government getting 48 cents. I am assuming now that the coinage of Czechoslovakia is the old Austrian crown. Under the present regulation this duty of \$2.40 will be multiplied by 4 $\frac{1}{2}$ —at least the duty of 48 cents will be—which will be \$2.43. Of course it will be impossible to import those goods. That country can not stand it; that country will be shut out. In fact, if I may indulge in something sentimental, this legislation will close the door of hope to all those central European countries, because this country is their biggest and best market.

Here are some hardware—door locks and pliers and the like of that. These door locks, in 1914, cost \$2.33 a dozen. They now are \$6 a dozen.

Senator WATSON. Where?

Mr. DOHERTY. This is always the foreign cost; the foreign value, because that is the value upon which the duty is laid.

Senator WATSON. Where?

Mr. DOHERTY. Germany.

The CHAIRMAN. What are those?

Mr. DOHERTY. They are German door locks.

Senator McLEAN. What is at the present rate of exchange?

Mr. DOHERTY. This is always dollars.

Senator McLEAN. You estimate—

Mr. DOHERTY (interposing). At the present rate of exchange. Now, under the proposed plan, as I say, in 1914 they paid 47 cents duty; in 1921 they paid \$1.20. Under this plan they will pay a duty of \$6. There are other examples here of similar articles.

Senator SIMMONS. You are talking about one lock?

Mr. DOHERTY. This is a particular door lock. All these things are illustrations which are typical. There are a great many, and I will not take the time to read them off. They all tell the same story; that is to say, that the actual value in real money has appreciated sometimes fifteen or twenty times.

Senator McCUMBER. Maybe they are some of the locks which the Shipping Board paid \$25 for. [Laughter.]

Senator SIMMONS. Made in this country?

Senator McCUMBER. No.

The CHAIRMAN. They did not lock up any money, did they?

Mr. DOHERTY. The Shipping Board did not buy any locks in Germany, did they, Senator?

Senator SIMMONS. Where did they get them from, that is what I would like to know.

Senator McCUMBER. The Shipping Board?

Senator SIMMONS. Yes.

Senator McCUMBER. I do not know. It did not make much difference.

Mr. DOHERTY. Here are pearl-handled pocket knives from the same country. You had some of them explained by Mr. Fix yesterday. This pocket knife was 57 cents per dozen in 1914; the duty was 35 per cent, being less than a dollar in value. In 1921 these were \$1.32 per dozen, showing an increase in value, but because of the fact that it goes over the value of a dollar it takes 55 per cent instead of 35. Uncle Sam has not been hurt at all, not one bit. In fact he, like all the rest of those who are in receipt of money from other people, has got pretty nearly his share on foreign goods. There

is no complaint made of that at all; that is entirely correct. I will introduce, if you will permit it, quite a variety of hardware articles.

The CHAIRMAN. Mr. Doherty, permission is given that you may introduce any tables pertinent to your remarks and that the same may be printed as a part of your statement; and you will be afforded full opportunity to correct the report of your remarks before they are embodied in the final print.

Senator SMOOT. If done within a day or two?

The CHAIRMAN. If done promptly.

Mr. DOHERTY. We have some other articles here, some things which are apparently frivolous, but which are still articles of commerce. There is a doll which cost \$2.15 a dozen in 1914, paying a duty of 75 cents. That same doll costs \$3.63 now, and pays a duty of \$1.27. Under this schedule the duty will be \$6.31.

Those dolls are things that compete, many of them, with articles made in Japan. Is it fair, is it reasonable, is it even natural or human to impose this heavy impost on these goods, handicapping them to the extent of 5 or 10 or 15 times as compared with goods from Japan? Much has been said of cost of production. I am not going to say anything about that, because it is not relevant to this proposition. But if you gentlemen are actuated by any motives based on the cost of production, how can you possibly favor by these discriminatory rates or valuations the lowest-cost country on the face of the earth that enters into competition with this country, an Asiatic country that everybody knows has been adverted to continually, and is even now the subject of discussion in the other House—Japan. This will practically give them command over this market, the best market in the entire world, just as they had during the war.

Senator REED. For what?

Mr. DOHERTY. A lot of things; a great many things.

Senator REED. Why would it give the market on those articles to Japan?

Mr. DOHERTY. Because these countries can not compete with Japan. These countries will be unable to export. You are not going to pay \$2 for an article from Austria or from Poland if you can get the same article made in Japan which will cost you about 40 or 50 cents. This is practical; this is not theory at all. This is actual practice. We are talking here as business men.

Senator SMOOT. Your statement is based on the 66½ limit remaining in the section?

Mr. DOHERTY. If I was not afraid of that I would not be here.

Senator SMOOT. It is all based on that limitation?

Mr. DOHERTY. Entirely so. I am arguing that there should not be any difference at all, because no real difference exists. There is no difference between goods coming from Holland and goods coming from Germany, so far as actual valuation in world currency is concerned.

Senator McLEAN. One country has no advantage over the other?

Mr. DOHERTY. Except what nature has given it.

Senator McLEAN. You want the proviso stricken out?

Mr. DOHERTY. I want the proviso stricken out. That is all I ask.

Senator REED. I want you to tell me—I am not familiar with this question—how this proviso gives Japan an advantage over Germany,

we will say, or over England. Is their currency depreciated to a still greater extent?

Mr. DOHERTY. Japan?

Senator REED. Yes.

Mr. DOHERTY. It is not depreciated at all. The standard value of the yen is 49.85 and it is now 48.50. So practically there is no depreciation. The article coming from Japan has a foreign value of \$1. The duty will be 60 cents. That same article coming from Germany, which has a foreign value of \$1, has an artificial value under this scheme of \$4.75. So the duty on that will be 60 per cent of \$4.75. That is the plain English of it. That is what will happen under this. We have also in this table pocket knives, tooth brushes, mirrors, and also a number of gloves.

Senator SIMMONS. That which you are talking about is not due to the lesser cost of production in Japan. It is due to the difference in exchange value of the German mark and the Japanese currency?

Mr. DOHERTY. Well, no—excuse me, Senator—it is not. This scheme is reduced to dollars, and there is no difference except the usual difference, which you do not attempt to meet by this. You meet that difference by tariff rates. In this there is no other than the normal difference in the dollar value, but what you are undertaking to do is to penalize importations from those countries which are the very ones that can stand the least. This legislation favors the strong countries and has the effect of pushing the weaker countries further toward despair and ruin. The countries which need our assistance are the ones which will be discriminated against in this legislation. As I said before, this market will be closed to them. Here are some necktie silks. Before the war the price was 33 cents per yard. The duty was 10 cents. Now they are a dollar a yard, and the duty at the same rate would be 30 cents. Here is another that in 1914 was 45 cents; to-day it is \$1. Uncle Sam collected a duty of 20 cents in 1914; he is now collecting 45 cents.

Here are goods from Czechoslovakia, beaded ornaments, which are very highly prized for women's wear. In 1914 they cost 77 cents; to-day the importers are paying \$3.73 for them. In 1914 the Government got 27 cents duty; to-day the Government gets \$1.31 duty. Under this scheme —

Senator WATSON (interposing). Under this duty are they still being imported?

Mr. DOHERTY. Oh, yes, indeed; because that simply represents the general rise in prices.

Senator REED. What are the goods mentioned in that?

Mr. DOHERTY. These things here—beaded ornaments that go on garments. There are a number of other dolls of various kinds, violins and harmonicas, and things like that. They all show a tremendous rise in price. Here is one which cost, in 1914, \$8.24 a dozen, and in 1921 cost \$14.69 a dozen. These are German.

Senator McCUMBER. Are you basing these upon the price that is paid by the importer?

Mr. DOHERTY. Yes, sir. By the way, in all of the goods I have been talking about here there is only the one value, that is to say, the price for export is the same as for home consumption.

Senator McCUMBER. My reason for asking that is because there is considerable testimony before the committee to the effect that

especially in Germany articles were sold for export at a considerably higher price than they were sold for home consumption, at a mark value in Germany, and while the importer imported them at a much higher price to him, he nevertheless paid his duties upon the mark value in Germany.

Mr. DOHERTY. That is true in respect to the goods to which it applies, but they do not have two classes for all goods, I notice. For a great many lines of goods there is only one price, no difference, but one some, for example, particularly chinaware, there is an export price and a home price, the home price being considerably lower than the export price. But even that home price, the price according to which the duty is being collected, is equal to the prewar price.

Senator McCUMBER. Yes; but to what extent is this method of selling goods for a greater price than for home consumption indulged in in Germany; that is, what proportion of the exports would come under that price?

Mr. DOHERTY. That is a hard question to answer, Senator.

Senator McCUMBER. I thought you could give it.

Mr. DOHERTY. There are no statistics available for that purpose, nothing really reliable, nothing that would be good enough to prompt your action. I have noticed that chinaware is one thing, and I have seen gloves with an export price and a home price. I said that is a condition that possibly deserves correction. I am not out of sympathy with that proposition either.

Senator SMOOR. I should think it would be very natural that they would sell for less at home, taking the currency of their country that they can deal in to better advantage than to have every dollar converted into gold.

Mr. DOHERTY. That may be, but it does not apply to everything, because, as I say, for all of these things here I have never seen two prices. The duty has always been assessed on the price at which actually sold, and that is the same price as for home consumption. On that question of the difference between the export price and home market value, that has a very ugly look, from a Government standpoint. I was in the Government service about 28 years, but that is—

The CHAIRMAN (interposing). What position did you hold in the Government service?

Mr. DOHERTY. I entered the service of the United States appraiser at New York in 1894, and I was there for 9 years, and then went to the Board of General Appraisers. I was secretary to General Appraiser Fischer some years, and then in 1907, I became Government attorney representing the Treasury Department in customs cases, trying valuation cases and protests cases. When the tariff act of 1909 turned that establishment over to the Department of Justice, I became special attorney under the Department of Justice, and so remained until 1914, then I was made deputy to the Assistant Attorney General, where I remained until 1918, and then resigned and entered private employ. I have been all through this, especially the appraisement end of it, and also the law end of it. I compiled the only digest of customs decisions, and in 1908 I was assigned to the Ways and Means Committee.

In 1908 I was assigned to the Ways and Means Committee at the request of Mr. Payne, to assist in correcting the phraseology of the

law. I again had the honor in 1913 of being selected to assist the minority of this committee when the Underwood tariff bill was under consideration. If I may say so, I have been now out in business for three years, and in a large business, having a broad view, and I have had some advantages in seeing both sides of the question.

If your feelings are outraged by this difference between the export value and home value it is of course a matter that can be corrected; and I may say that the present rule of assessing duty on the home market value is not based upon an explicit provision of the statute, but is due to construction of the decision of the Supreme Court in the case of the United States against Passavant (169 U. S., 16). I never agreed with the construction that was put upon that case. As Government attorney I always insisted that under the language of the statute where there was a difference between the export price and the home-market price the Government was entitled to take duty on the higher of the two prices. I did not find anybody to agree with me at all. Of course, the matter, from the Government standpoint, was purely academic, because until the war came on the home-market price was always the higher of the two, when there was any difference at all. It was only when the war came and turned that situation, like every other situation, upside down, that this became a practical matter.

The Governments of Switzerland and Italy, in order to conserve their home food supply, enacted that cheese, for example, should be sold for export at certain prices which were materially higher than the home market prices. Then came a clash before the Board of General Appraisers as to which was the market value, and the board, to be consistent, simply held that the home market value furnished the basis for duty. It would be quite simple if you desired to correct this matter. It is not an emergency matter, though. Simply enact that as between the two the duty should be based upon the higher of the two values.

The CHAIRMAN. Mr. Doherty, will you suspend your remarks for a moment? Senator Spencer desires to say a word to the committee. He will not take more than a minute.

**STATEMENT OF HON. SELDEN P. SPENCER, UNITED STATES
SENATOR FROM MISSOURI.**

Senator SPENCER. It is very courteous of you, Mr. Chairman, to allow this interruption. With your permission I would like to have incorporated into the hearings this morning a telegram which has been received by me from a number of large commercial houses in St. Louis protesting against the limitation upon the depreciation of currency contained in the second part of this section 214.

May I say, also, Mr. Chairman, that I think there are here present Mr. Queenie and Mr. McCarty. Mr. McCarty is of the Monsanto Chemical Works, St. Louis, Mo., who, in your own good time, you will probably want to hear.

This evidence I do desire to put into the record. We have in St. Louis the Monsanto Chemical Works, which is largely engaged in the manufacture of the coal tar products, dyes, and others. They employ about 1,800 men. Here, in a sentence, is the situation: If there is an interin between the establishment of the condition of peace between the United States and Germany and the general

tariff legislation, an interim of two months, for example, it will practically put this company out of business, because a single carload of the dyes that are now manufactured in Germany would practically put this company out of business. Eighty per cent of their business is in dyes. Of course it is regulated by pounds and not by tons; and a single shipload would entirely eliminate any possibility of competition.

They have no great fear of competition upon an equality of wage relationship, but now the disparity in the wages of Germany and the United States is about as 5 to 1. It was about as 2 to 1, before the war; but because of the depreciated currency and the general conditions, the wages in Germany are now approximately 5 marks an hour, as estimated in our money. Our wages are five times higher than the wages in Germany.

Therefore, if there is no provision in this emergency tariff bill to protect the importation of those coal-tar products intermediate between the declaration of peace and the permanent tariff legislation, it affects that company precisely as I have indicated.

Senator SIMMONS. So there is no reason, in your judgment, why we should make peace with Germany for the purpose of establishing trade relations with Germany, because those relations would be very disastrous?

Senator SPENCER. Very disastrous commercially, but my contention would be that that could be protected, Senator, even in a declaration of peace with Germany.

The CHAIRMAN. How could it be protected? That applies to all tariff bills.

Senator SPENCER. The plan, which the committee would pass upon with much greater accuracy than I, would be some system by which a license from the Treasury Department was a necessary requisite to the importation of goods into the country during the interim. That license could take care of the situation and would be temporary in character.

(The telegram submitted by Senator Spencer is as follows:)

ST. LOUIS, Mo., April 21, 1921.

SELDEN P. SPENCER, *Washington, D. C.*:

We vigorously protest against enactment of emergency tariff affecting merchandise already purchased in Czechoslovakia, Germany, and other countries having depreciated currencies, as it will mean serious loss to us in duties. Section 214 will make cost of imported merchandise with duty added prohibitive. Use your influence in behalf of ourselves and other reputable business houses.

FABRICIUS MERCANTILE Co.
ELY-WALKER DRY GOODS Co.
A. S. ALVE INSTRUMENT Co.
CONCORDIA PUBLISHING HOUSE.
BLACKWELL-WETLANSKY BOOK & STATIONERY Co.
ROSENTHAL-SLOAN MILLINERY Co.
STIX, BLAIR & FULLER DRUG Co.

STATEMENT OF THOMAS J. DOHERTY—Resumed.

Mr. DOHERTY. Here is one most excellent example, Mr. Chairman, in respect to cotton hosiery, furnished by the Emery & Beers Co., New York, who are dealers in the well-known "Onyx" hosiery and who are very large dealers both in domestic and foreign goods. This relates to women's mercerized cotton hose. The prewar value was \$2 a dozen. Under the Payne-Aldrich tariff of 15 per cent and 90

cents a dozen, that made a duty of \$1.20. Under the present tariff law it pays a duty of \$1. That was the price prewar and the duty prewar.

At the present date the price is \$3.68, and it pays a duty, even under the rates of the present tariff as compared with the Payne law, of \$1.84. It pays 64 cents more duty than it paid under the Payne-Aldrich tariff law, and it pays 84 cents more than it paid in 1914.

Senator McLEAN. Where are those goods manufactured?

Mr. DOHERTY. In Germany.

Senator McLEAN. How is it that they cost so much? Senator Spencer has just testified that the wages in Germany are about one-fifth of what they are here.

Senator SIMMONS. I can not understand that proposition.

Senator McLEAN. I do not understand how they can cost so much in Germany at the present time, with the wages one-fifth of what they are here.

Senator SMOOT. I understood that was on the basis of 24 cents for the mark.

Senator SIMMONS. Oh, no.

Senator McLEAN. I did not understand that. He did not say that.

Senator REED. The German wages have been advanced in marks, but that is because the mark has depreciated. The wages have actually decreased to a point much lower than they were before the war, in actual money, measured by the gold standard.

Senator McLEAN. That is what he is talking about.

Senator REED. That makes their workmen work over there now for about one-fifth the price, measured in gold, that the men working in similar capacities in this country get measured in gold. I know that is their contention, because these gentlemen have talked to me. Of course, it does mean, as Senator Simmons states, that the German workmen's wages have been actually reduced in gold, and that does raise the question which Senator Simmons raises. If that be true, why is it that the cost of these stockings and surgical instruments, etc., in Germany, is greater to-day than it was before the war, measured in gold? I should like to know why that is myself.

Mr. DOHERTY. If two statements are so wholly inconsistent that only one of them can stand, one must be wrong. This is an actual transaction; not an estimate, not based on reports, but an actual concrete transaction.

Senator REED. It might be possible that both could stand. There might be other interfering causes. I thought perhaps you could tell us about them.

Mr. DOHERTY. That is too far wide of the text that I have set for myself to-day. I am not prepared to discuss those matters.

Senator REED. For instance, factories may have been put out of commission. There may have been an inadequate supply, or something of that sort. You do not know anything about that?

Mr. DOHERTY. Only in a general way. I have been told that there has been a considerable lessening of their old time efficiency. They do not work with the snap and vim that they used to. I have been told that, but that is, of course, in the most general way. I would not undertake to give you any figures or anything of that kind on that matter.

Senator McCUMBER. Are you certain, Mr. Witness, that these prices which you are now quoting are simply the actual prices in Germany or simply the prices for which the goods are sold for export, which are very much higher than in Germany?

Mr. DOHERTY. As I said before, in respect of these cases I have been asked about there is no difference between the home price and the export price. I know from my own personal knowledge that there are plenty of such goods where there is only one price.

Senator REED. Let me see what makes the difference between the export price and the home price. Is it a matter of trade arrangement, or is it a matter of governmental interference prohibiting the shipment, or is it both?

Mr. DOHERTY. In the case of the staple with which I am best acquainted, chinaware, it is a result of the combination of a syndicate and governmental supervision. You can buy goods in Germany for consumption without any particular supervision, but if you want to export those goods, the regulations of this syndicate, the German Porcelain Manufacturers' Association, I think it is called, state that if for export those goods must be paid for at a certain price, which is considerably in excess of the price in the home market; and in addition to that you must secure an export license both from this syndicate and from the Government; and in order to secure that export license you must show that the goods were paid for at these exaggerated prices.

Senator REED. Is it generally true that where goods are exported that higher prices demand it?

Mr. DOHERTY. Where there is any difference between the two prices; yes.

Senator REED. Do you know of any instances where they are selling abroad cheaper than they are at home?

Mr. DOHERTY. I do not. But on that point the gentlemen will recall the testimony of one of the Government witnesses, Mr. Davis, who said there is no dumping at the present time. There could not be under present conditions. It reminds me very much of that chapter on Snakes in Ireland. There are no snakes in Ireland. In the matter of antidumping, there is no dumping going on now at all.

Senator SIMMONS. Not only that, but the data that you have been giving us indicates that these German goods that you have been discussing cost very much more than they did before the war, measured in gold?

Mr. DOHERTY. Yes, sir; certainly.

Senator SIMMONS. Can you give the committee, from your investigations, any idea about how much these prices have increased over prewar prices, measured in percentage?

Mr. DOHERTY. I do not know whether we have reduced these to percentages, gentlemen.

Senator SIMMONS. Give them approximately.

Mr. DOHERTY. Approximately, from 25 per cent up to 400 and 500 per cent in some instances. For example, these gloves that I have mentioned advanced from \$2 to \$3.68. That would be pretty near 80 per cent increase.

(The exhibit submitted by Mr. Doherty with relation to women's foreign mercerized cotton hose is as follows:)

Women's foreign mercerized cotton hose.

Prewar tariff.	Present tariff.	Proposed tariff.
8.40 marks, at 23.8 cents..... \$2.00	230 marks, at 1.6 cents..... \$3.68	230 marks, at 8 cents \$18.40
Duty of Payne-Aldrich rate, 15 per cent and 90 cents per dozen..... 1.20	Duty at 50 per cent 1.84	Duty, at 50 percent. 9.20 Weight, 1½ pounds, at 7 cents..... .10
Underwood-Simmons rate, 50 per cent..... 1.00		Total duty..... 9.30

While it takes nearly 15 times as many marks now to equal the value of a gold mark, the cost prices of merchandise abroad have increased much more. It will be seen the present mark cost is more than 27 times greater than prewar.

The present rate for German exchange is about 1.6 cents per mark, and has remained very close to this figure for the past seven months. Even at this low exchange, it will be observed, the duty collected on this hose is now more than 50 per cent greater than in prewar times on the Payne-Aldrich tariff and over 80 per cent more than under the Underwood tariff, and as the mark rises in value the duties will further increase.

It has been said that the purchasing power of the mark in Germany is 8 cents. This is not a fact. During my visits to various countries of Europe since October, 1919, I have been several times in Germany, and know positively that as late as October, 1920, a suit of clothes which in peace times cost 125 marks cost the German people anywhere from 2,000 to 2,500 marks, according to the tailor employed and the material selected. In other words, the suit cost him from 16 to 20 times greater than prewar price.

A room at the hotel, which formerly cost 5 marks, a charge of 104 marks was made; and a regular dinner, which in peace times cost 3 marks, cost 60 marks; in other words, 20 times greater.

EMERY & BEERS Co. (INC.),
By V. B. MOLER,

New York.

Senator SIMMONS. Can you sell those goods in the American market at a less price than is demanded for a similar American product?

Mr. DOHERTY. No, indeed. They have a pretty equal fight; there is keen competition.

Senator SIMMONS. The duty is added to this German price and your own price that you must demand in order to make a reasonable profit?

Mr. DOHERTY. Yes, sir.

Senator SIMMONS. It puts them on a parity with the American prices?

Mr. DOHERTY. I said there is a very keen competition. Two articles may not be exactly identical. One will present a little feature that is absent in the other, and that may cause preference in the one case; but, speaking generally, they are on a parity, because conditions are no different in Europe from what they are here, in a general way. Prices have gone up all over the world.

(To the Chairman.) You have been very indulgent, Senator, and I shall close in a moment. I want to call your attention to the statistics on the last page of this little document. They are taken by myself from the Government book, and it shows the countries affected by this legislation unfavorably. The countries that are not touched by it are favorably affected by it.

Take, first, Poland. The importations from Poland during 1920 were \$739,114. Our exports were \$69,929,171.

Austria, imports, \$300,898; exports, \$19,237,495.

Hungary, imports, \$185,504; exports, \$1,487,242.

Jugoslavia—we have no import or export figures.

Germany, imports, \$88,836,280; exports, \$311,437,377.

Czechoslovakia, imports, \$10,159,776; exports, \$7,077,579.

Rumania, imports, \$22,311; exports, \$11,093,037.

We have no figures for Serbia.

Italy, imports, \$75,357,579; exports, \$371,767,274.

Senator McCUMBER. Do you know the character of goods we exported to those countries? Mostly agricultural, were they not?

Mr. DOHERTY. Yes, sir.

Senator McCUMBER. In other words, they raised nothing during the war. They did not even have seed and we had to export to them foodstuffs?

Mr. DOHERTY. Very largely, but not exclusively.

Senator McCUMBER. There is very little manufactured stuff?

Mr. DOHERTY. The books seem to give the countries only in the case of the larger quantities, and then they lump all other countries together. Most of these were wheat and cotton. Germany took \$110,000,000 worth of cotton, for example—cotton and wheat, various kinds of oils, beef products and pork products. Those are the principal items, because those are the items that are given in the book of exports separately. All other items are grouped together.

Senator McCUMBER. As soon as they begin to raise their crops there they will probably not take anywhere near the proportion of export from this country, will they?

Mr. DOHERTY. It may be assumed that a good deal of this is due to war conditions, certainly; but I do not need to tell you, of course, that the exports to those countries were always largely agricultural.

Senator REED. How much of these exports that you have cited from these figures that you have given were sent there by money raised in this country or appropriated in this country?

Mr. DOHERTY. These export figures are based on the export declaration that one has to make when he makes a shipment abroad. He furnishes an export declaration to the customhouse showing what the goods are and the value of them. He does not have to produce an invoice. But the bulk of these would certainly in fact seem to be commercial shipments.

Senator REED. I think you will find if you will investigate it that a large part of these shipments to the particular countries you have named were goods purchased either with Government money or purchased with money that was raised by societies and organizations or purchased with the money of private individuals and sent over there to those countries; and I think that would modify your figures. I am not certain, but I should imagine that those figures you have produced include those items.

Mr. DOHERTY. Those are the Government figures taken from Table No. 9 of the Department of Commerce.

Senator SIMMONS. What year?

Mr. DOHERTY. The calendar year 1920. Also, in going over that book of statistics I noticed in the case of articles that pay a specific duty that there is on the right-hand side a column showing the equivalent ad valorem of that specific rate.

That was very interesting, because if, as has been alleged, these goods are coming in here at a price in dollars equal to the prewar

price—that is to say, if the foreign currency is being converted, say, at 2 cents a unit, and the goods are still being invoiced at the same number of units as they were before the war—that right-hand column would show a tremendous ad valorem, would it not? For example, take gloves that are dutiable at \$2 a dozen pairs. If those gloves came along before the war at 100 lire, when the lire was 19.3 cents, call it \$20, the equivalent ad valorem would be \$2 on \$20, or 10 per cent. If they are still invoicing them at 100 lire, a lira being worth only 4½ cents, that would be \$4.50, and a specific duty of \$2 on a value of \$4.50 would be an ad valorem of nearly 50 per cent.

Nothing of the kind happens. You will see by that book that the ad valorems are substantially the same now as they were before the war, which proves conclusively—because those are Government figures and they are all expressed in dollars—that the actual price of the goods has gone up in ratio to the fall of exchange.

Senator SIMMONS. Let me ask you this. Where the same kinds of goods, if any, are imported from Great Britain and France, do you find any material difference in the export value of those goods?

Mr. DOHERTY. Again, I am not fortified with figures, but from general knowledge I would say that the English price would be somewhat higher than the French price.

Senator SIMMONS. How would it compare with the German price?

Mr. DOHERTY. Taking the three of them, the German would be the cheapest of the three.

Senator SIMMONS. Cheaper than either England or France?

Mr. DOHERTY. Yes, cheaper than either England or France.

Senator SIMMONS. To what extent?

Mr. DOHERTY. I would not care to say that, Senator. I would not want to give you any figures. It would be merely an estimate or conjecture. But in going further down the scale you will find that Japan would be still lower than any of those three.

Senator SIMMONS. How do they compare with the export prices of things imported into this country from the Scandinavian countries?

Mr. DOHERTY. The Scandinavian countries? Most of their exports are in the line of specialties.

Senator SIMMONS. Is there any of this class of goods?

Mr. DOHERTY. No, sir. The articles that come from Denmark are mostly articles of luxury. They are exceptionally costly goods; so it would be very difficult to make any comparisons with those countries.

Senator SIMMONS. You said these German goods came in at a little less cost than English goods. Did they not come in before the war at a little less cost than the English goods?

Mr. DOHERTY. They did.

Senator SIMMONS. I know there was a great deal of contention in connection with the tariff we passed in recent years that Germany was a more dangerous competitor in our domestic markets than was Great Britain. So I assume that before the war there was a slight difference between the German and the English price and that the English price was higher, then, somewhat, as it is somewhat higher now?

Mr. DOHERTY. That was always true.

Senator REED. Mr. Chairman, may I ask this witness two or three questions?

The CHAIRMAN. Certainly.

Senator REED. Take this paper, which I have marked "1" in the corner. Where were those goods shipped from?

Mr. DOHERTY. From Germany.

Senator REED. That is cotton hose. Take the paper which I have marked "2" in the corner, giving the present market price on gloves, etc. Where are those goods from?

Mr. DOHERTY. Germany.

Senator REED. Take the paper marked "3." What does that deal with?

Mr. DOHERTY. Razors.

Senator REED. They are from Germany?

Mr. DOHERTY. Yes, sir.

Senator REED. The paper marked "4." What does that deal with?

The CHAIRMAN. What article did you say?

Mr. DOHERTY. Razors from Germany.

Senator McLEAN. What are the dates?

Mr. DOHERTY. 1914 to the present date.

Senator REED. Comparative figures?

Mr. DOHERTY. Yes, sir.

The CHAIRMAN. What is the most recent figure?

Mr. DOHERTY. Within a month or two, the last importations.

The CHAIRMAN. It shows trade with Germany?

Mr. DOHERTY. Yes, sir.

Senator REED. Take the paper that I have marked "5." That deals with what?

Mr. DOHERTY. Scissors from Germany.

Senator REED. The paper marked "6." I ask you the same question with reference to that.

Mr. DOHERTY. Gloves from Germany.

Senator REED. The paper marked "7"?

Mr. DOHERTY. Those are ladies' cotton gloves from Germany.

Senator REED. The paper marked "8"?

Mr. DOHERTY. Those are bar pins from Czechoslovakia.

Senator REED. Just lay that by itself.

The paper marked "9"—what does that deal with?

Mr. DOHERTY. Brooches from the same country—Czechoslovakia.

Senator REED. The paper marked "10." What does that deal with and what country?

Mr. DOHERTY. Necktie silks from Germany.

Senator REED. And the paper marked "11"?

Mr. DOHERTY. The same.

Senator McLEAN. Are all these recent importations?

Mr. DOHERTY. Yes, sir.

Senator REED. The paper marked "12." What does that deal with?

Mr. DOHERTY. That is filet lace from Italy.

Senator REED. Lay that over on the pile, please. The paper marked "13" is a table. Where are those articles in that table from?

Mr. DOHERTY. They are a variety of articles. Some are from Germany, some are from Austria, some are from Czechoslovakia.

Senator REED. Most of them are from Germany, are they not?

Mr. DOHERTY. I would say so; yes, sir.

Senator REED. The paper marked "14" is simply a computation?

Mr. DOHERTY. Those are surgical instruments.

Senator REED. The paper marked "15," German door locks—they are from Germany?

Mr. DOHERTY. Yes, sir.

Senator REED. Nearly all the figures you have brought here are from Germany. They are limited almost entirely to surgical instruments, with some small hardware, and there are some stockings and gloves and lace——

Senator McLEAN. And razors.

Senator REED. I include them as small hardware. You have not brought here any figures from France or England, Norway or Sweden or Holland, and you have not in these figures covered the large articles of commerce. Why is it that you have not brought us some figures from these other countries and on these other articles?

Mr. DOHERTY. Because they would not be relevant to the issue we are discussing here.

Senator REED. Why not?

Mr. DOHERTY. As to those countries the conditions will be the same as if this legislation were never enacted. The market is against the countries that are affected.

Senator REED. You are only aiming at this one clause of the bill, this proviso?

Mr. DOHERTY. That is all.

Senator REED. As a matter of fact, you claim, then, that this bill, if it is passed, will operate distinctly in favor of Germany and Austria and those countries, or against them?

Mr. DOHERTY. It will close our markets to those countries. It will be an embargo, in effect, against the goods from Central European countries, from Poland, Austria, Yugoslavia, Germany, Rumania——

Senator SIMMONS. It applies only to countries where there has been a depreciation in the value of the currency?

Mr. DOHERTY. Yes.

Senator McCUMBER. Before you leave that feature of the case: You stated a few moments ago that there was quite keen competition, I think, in reference to gloves between the imported gloves and the American manufactured gloves. Am I right in that?

Mr. DOHERTY. The house with which I am connected has found it so.

Senator McCUMBER. Have the prices of those gloves been reduced by either the home manufacturer or by the importer because of the competition between them? Have they reduced their prices because of the competition?

Mr. DOHERTY. The prices have very materially reduced, Senator.

Senator McCUMBER. I know; but what I want to know is whether they were reduced because of competition, the same as other goods in this country, or because the purchasing public could not longer pay the high prices.

Mr. DOHERTY. They have been reduced in price for that latter reason——

Senator McCUMBER. Have they cut prices against each other, or have they simply reduced them in order to get the consuming public to begin buying again?

Mr. DOHERTY. That is the motive, the main motive in the reduction in prices, to induce buying, for that affects both classes of gloves. And as for cutting prices one as against the other, that follows as a matter of course. Where there is competition they are obliged to

meet the prices. If you endeavor to sell a bill of goods to a man, consisting of foreign gloves, and he tells you, "I am able to buy the American glove for less money," you have either got to go without that sale or cut your price to meet it.

Senator McCUMBER. Not because he can buy it any cheaper in one country than he can buy it in another. Is not the basis of the selling in this country just what the public can possibly pay for it, ordinarily, and is not that the almost universal rule, and are not prices held up by both sides to the capacity of the public to take the goods, rather than by any rule of competition or underselling by one class as against the other?

Mr. DOHERTY. I suppose from the very beginning, from the beginning of time, a man would buy where he could buy the cheapest, and sell where he could get the best price for his goods.

Senator McCUMBER. Oh, yes; that is, in buying in this country. I was trying to consider the selling to the trade in this country.

Senator REED. There is one question I want to ask you. You have limited your comparative tables in your exhibits to very few articles.

Mr. DOHERTY. Yes, sir.

Senator REED. Do you know whether, speaking, now, of Germany, which was a large exporter of important articles, cloth, chemicals, etc., the same rule applies as you undertake to demonstrate from these figures?

Mr. DOHERTY. Unquestionably.

Senator REED. Why did you not bring some of those?

Mr. DOHERTY. There has not been really very much cloth from Germany.

Senator REED. They ship immense quantities of other goods?

Mr. DOHERTY. Not so very much, except chemicals and dyes. I have not gone into that. That is under control now. You can not bring those things into this country without a license from the War Trade Board; and it is extremely difficult to get that license.

Senator REED. But when they do come in they have a price?

Mr. DOHERTY. Yes, sir; when they do come in they have a price, but I have not concerned myself about getting them. They are in a class by themselves.

Senator REED. Have you brought us the figures here that you have specially selected, or are these figures general figures as far as you know?

Mr. DOHERTY. We did not have unlimited time to get ready for this hearing. In fact, it was not until Monday that I had assurance that we would be able to be heard, but we got just as great a variety of goods as we could gather in the time allowed, and as many actual examples as we could obtain. There is one big staple left out; that is, chinaware. There are no samples of that. On chinaware there is a greatly exaggerated export value, and the home market value is considerably lower. But the home market value has already been shown by one of the Government witnesses yesterday. The dutiable value is equivalent to the prewar value.

Senator REED. Can you give us a table setting out pretty fully these exports and reducing it to percentages? You were asked about percentages, and you stated you had not had time to prepare them. Could you give us a table and reduce the figures to percentages?

Mr. DOHERTY. Of exports as compared with imports?

Senator REED. Yes.

Mr. DOHERTY. Yes; that can be done.

Senator REED. In line with these papers which you introduce here—I am not criticizing them—you introduced a large number of papers. Can you not reduce them to a table and then add all other articles that you can find and carry it to percentages that you were asked about?

Mr. DOHERTY. That could be done.

The CHAIRMAN. The Chair would suggest that the Senator is giving the witness quite a job.

Senator REED. Not very large. He says there are not many imports.

The CHAIRMAN. How long would it take you to prepare such a table?

Mr. DOHERTY. I could not tell you. I would have to get some expert accountant to do that.

The CHAIRMAN. The Chair respectfully suggests to the Senator that it is desirable to have these hearings closed promptly and to have this bill reported to the Senate. Of course, there is no desire to suppress any information.

Senator REED. I had supposed he could get it in in a day or so.

Mr. DOHERTY. There are so many different items. I will promise to give you the percentages, but I do not know when.

Senator REED. Give them to us in a couple of days.

The CHAIRMAN. The witness will endeavor to comply with the request as near as may be between now and Monday.

Mr. DOHERTY. Very well, sir.

Senator SIMMONS. I would like to put into the record a letter which I received, supplementary to a letter that I put into the record yesterday, from Wimmelbaker & Rice. The letter is dated New York, April 18, 1921. The letter which I put into the record yesterday related to gloves. From this letter it appears that the Government under present conditions is collecting \$2.80 per dozen duty on the same articles. That is the same kind of gloves on which it collected 74.97 cents duty in prewar times.

Senator McLEAN. From France or Germany?

Senator SIMMONS. It starts out by saying: "Supplementing our letter of the 16th instant." I put that letter in the record yesterday, and this letter simply supplements it.

The CHAIRMAN. Does the Senator desire to put that whole letter in the record?

Senator SIMMONS. Yes, sir. I only gave an extract from it.

(The letter referred to is as follows:)

NEW YORK, April 18, 1921.

Hon. J. P. CAREW,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: Supplementing our letter of the 16th instant and in regard to the subject matter contained therein concerning the dutiable value of cotton gloves at the present market value and at the current rate of exchange, we desire to call your attention to the very important fact that the Government is receiving a far greater duty revenue under present conditions than it did in prewar times on the identical glove, when the duty value of the mark was figured on the standard basis of 23.8 cents.

For example—the glove quoted in our previous letter, the present market value of which abroad is 500 marks, pays, at the current rate of exchange, 160, 35 per cent duty on \$8 which duty amounts to \$2.80 per dozen.

In prewar times the market value of this same glove was 9 marks per dozen and at the standard rate of exchange, 24.8 cents per mark, the duty value amounted to \$2.142 per dozen and the amount of duty collectible at 35 per cent amounted to 74.97 cents per dozen.

Therefore the Government is, under present conditions, collecting \$2.80 per dozen duty on the same article on which it collected 74.97 cents duty in prewar times.

The revenue to the Government on this article under prevailing conditions is consequently nearly four times as great as it was in prewar times.

We feel that these important facts should receive the very serious consideration of the United States Senate, in view of the probability of the entire abandonment of importations of goods of the character in question under the arbitrarily fixed rate of exchange, and the consequent loss to the Government of considerable revenue from this source.

Respectfully, yours,

WIMELBACHER & RICE.

The CHAIRMAN. Have you anything further to state, Mr. Doherty?

Mr. DOHERTY. In conclusion I would ask that if by any chance this legislation be enacted, the amendment proposed be inserted so that it would not disturb importations that have already arrived in the country and have been appraised by the appraiser and their value fixed. In other words, that it will apply only to goods arriving in this country from and after the date of its effectiveness.

The CHAIRMAN. You will revise your statement as early as you can?

Mr. DOHERTY. Yes, sir; I will.

The CHAIRMAN. Have you anyone else that you desire to be heard?

Mr. DOHERTY. No, sir; and I thank you very much.

(The following tables and statements were filed by Mr. Doherty and were ordered by the chairman to be printed immediately after Mr. Doherty's address:)

FILET LACE, HAND MADE, IMPORTED FROM CHINA.

Comparable merchandise not quite so good is also imported from Italy. The landed cost in United States currency of the Chinese article is just half the landed cost in United States currency of the Italian article.

Example.

Foreign cost reduced to United States currency.	Present duty.	Duty as proposed by new law limiting depreciation to 66⅔ per cent.
Italian lace, \$1.....	\$0.60	\$0.84
Chinese lace, \$0.50.....	.30	.30

Embroidered and lace-trimmed table covers, bedspreads, doilies, and similar articles are also imported from both Italy and China. Landed costs in United States currency of comparable goods from both countries are practically the same, at the present time.

Example.

Foreign cost reduced to United States currency.	Present duty.	Duty as proposed by new law limiting depreciation to 66⅔ per cent.
Italian goods, \$1.....	\$0.60	\$0.84
Chinese goods, \$1.....	.60	.60

SUBMITTED BY GKO. BORGFELDT & CO.

Article.	Prewar.				Present.		Proposed.		To bring to New York.	
	Sample No.	Cost.	Duty.	Total.	Cost.	Duty.	Total.	Duty.	Prewar.	Now.
Dressed doll.....	1	\$2.15	\$0.75	\$2.90	\$3.63	\$1.27	\$1.90	\$0.31	\$0.40	85 cents per dozen.
Jointed doll.....	2	2.41	.84	3.25	3.10	1.12	4.22	5.55	.49	Do.
Kid doll.....	3	11.08	3.98	14.96	20.99	7.35	28.34	30.46	1.07	\$1.15 per gross.
Alarm clock.....	4	.28	.71	.99	.505	.141	.646	.092	.015	4.1 cents pc.
Watch.....	5	.73	.10	.83	.48	.114	.594	.75	.015	23 cents pc.
.....	6	1.02	.61	1.63	1.49	.45	1.94	.93	.07	5 cents per dozen.
.....	7	.88	.31	1.19	1.10	.64	1.74	3.15	.63	13 cents per dozen.
Do.....	8	1.63	.91	2.54	3.41	1.83	5.24	4.31	.63	Do.
Toothbrush.....	9	7.01	2.77	9.78	10.98	3.85	14.83	19.06	.235	50 cents per gross.
Bath thermometer.....	10	6.65	.85	7.50	6.51	.08	6.59	30.01	.80	\$1.00 per gross.
Pocket mirror.....	11	1.54	.40	1.94	2.40	.74	3.14	11.35	.20	21 cents per gross.
Horse.....	12	1.28	.45	1.73	2.58	.90	3.48	6.13	.20	95 cents per dozen.
Glass ball.....	13	.91	.31	1.22	1.02	.40	1.42	7.07	.19	35 cents per gross.
Ark.....	14	6.52	2.28	8.80	10.14	3.51	13.65	27.01	.29	\$3.75 per gross.
Beard.....	15	10.36	3.63	13.99	11.77	4.12	15.89	32.30	.93	\$1.35 per gross.
Rabbit.....	16	2.00	.70	2.70	3.87	1.35	5.22	10.59	.40	70 cents per dozen.
Train set.....	17	3.26	1.14	4.40	5.24	1.83	7.07	14.34	.04	90 cents per M.
Glass marbles.....	18	5.26	1.84	7.10	11.38	3.98	15.36	31.10	.70	\$1.58 per M.
Fabric gloves.....	19	2.26	.70	2.96	9.25	3.24	12.49	25.29	.05	40 cents per dozen.
Enamel pitcher, 15 cm. l.....	20	2.64	.66	3.30	4.75	.90	5.65	9.51	.31	\$1.05 per dozen.
Aluminum omelette pan.....	21	3.65	.91	4.56	7.12	1.36	8.48	13.57	.32	78 cents per dozen.
Willow baskets (2).....	22	2.35	.59	2.94	3.09	.77	3.86	6.83	.77	\$1.50 per dozen.

1 Not stamped.

No. 60—Jointed dolls:		
Cost 1914.....dozen..	\$8.24	
Cost 1921.....do.....	14.69	
Lay-down cost, Young emergency bill.....do.....	28.29	
Duty 1914.....do.....	1.85	
Duty 1921.....do.....	3.40	
Proposed duty, Young emergency bill.....do.....	17.00	
No. 732/3—Violin:		
Cost 1914.....gross..	15.36	
Cost 1921.....do.....	28.83	
Lay-down cost, Young emergency bill.....do.....	55.71	
Duty 1914.....do.....	3.65	
Duty 1921.....do.....	6.72	
Proposed duty, Young emergency bill.....do.....	33.00	
No. 2/0—Horse:		
Cost 1914.....do.....	29.52	
Cost 1921.....do.....	50.76	
Lay-down cost, Young emergency bill.....do.....	93.00	
Duty 1914.....do.....	6.84	
Duty 1921.....do.....	10.56	
Proposed duty, Young emergency bill.....do.....	52.80	
No. 34—Dressed dolls:		
Cost 1914.....do.....	26.01	
Cost 1921.....do.....	47.64	
Lay-down cost, Young emergency bill.....do.....	90.84	
Duty 1914.....do.....	5.94	
Duty 1921.....do.....	10.80	
Proposed duty, Young emergency bill.....do.....	54.00	
No. 1500—Harmonicas:		
Cost 1914.....	312.50	
Cost 1921.....	900.00	
Lay-down cost, Young emergency bill.....	1,351.60	
Duty 1914.....	75.27	
Duty 1921.....	112.90	
Proposed duty, Young emergency bill.....	564.50	

Exchange equalization measure—Comparative cost plus duty.

	Per gross.	
Harmonica No. 1500, cost before the war at factory in 1914.....marks..	17.40	
Plus case and packing.....do.....	.52	
Total.....do.....	17.92	
Which equaled at published standard rate of 24 cents.....	\$4.30	
35 per cent duty thereon.....	1.51	
Total.....	5.81	
<hr/>		
Same article costs now for export from factory.....	\$14.40	
Plus case and packing.....	.30	
Which equals at prevailing exchange rate of.....	14.70	
This article is sold for home consumption.....marks..	403.20	
Plus case and packing.....do.....	8.10	
Total.....do.....	411.30	
Which equals at prevailing exchange rate of 1.6 cents.....	\$6.58	
35 per cent duty thereon.....	2.30	
Total.....	17.00	
<hr/>		
Cost.....	14.70	
Same article under proposed plan, limiting depreciation of currency to 66½ per cent dutiable value of 411.30 marks, at 8 cents (33½ per cent of 23.80) would be.....	\$32.90	
35 per cent duty thereon would be.....	11.52	
Total.....	26.22	

Other expenses (such as inland—foreign—and ocean freight, marine insurance and petties) to bring this article from factory to New York were before the war 44 cents per gross, and are now \$1 per gross.

	Per doz.
Jointed dolls, No. 60 c/m, cost before the war at factory in 1914..marks.	20. 50
Plus case and packing.....do....	1. 45
Total.....do....	21. 95
Which equaled at published standard rate of.....	\$5. 28
35 per cent duty thereon.....	1. 85
Total.....	7. 13
Same article costs now for export from factory.....marks..	579. 00
Plus case and packing.....do....	28. 95
Total.....do....	607. 95
Which equals at prevailing exchange rate of 1.60 cents.....	9. 72
35 per cent duty thereon.....	3. 40
Total.....	13. 12
Cost.....	9. 72
Same article under proposed plan, limiting depreciation of currency to 66⅔ per cent dutiable value of 607.95 marks, at 8 cents (33⅓ per cent of 23.80) would be \$48.63.	
35 per cent duty thereon would be.....	17. 01
Total.....	26. 73
Other expenses (such as inland—foreign—and ocean freight, marine insurance, and petties) to bring this article from factory to New York were before the war \$1.11 per dozen, and are now \$1.57 per dozen.	
	Dozens.
Horse No. 2/0 cost before the war at factory in 1914.....marks..	6. 30
Plus case and packing.....do....	. 50
Total.....do....	6. 80
Which equaled at published standard rate of 24 cents.....	\$1. 64
35 per cent duty thereon.....	. 57
Total.....	2. 21
Same article costs now for export from factory.....marks..	150. 00
Plus case and packing.....do....	6. 75
Total.....do....	156. 75
Which equals at prevailing exchange rate of 1. 60 cents.....	\$2. 50
35 per cent duty thereon.....	. 88
Total.....	3. 38
Cost.....	2. 50
Same article under proposed plan, limiting depreciation of currency to 66⅔ per cent dutiable value of 156.75 marks, at 8 cents (33⅓ per cent of 23.80) would be.....	
35 per cent duty thereon would be.....	\$12. 54
Total.....	4. 38
Total.....	6. 88
Other expenses (such as inland—foreign—and ocean freight, marine insurance, and petties) to bring this article from factory to New York were before the war \$0.25 per dozen, and are now \$0.85 per dozen.	

	Per gross	
Violins, No. 732/3, cost before the war at factory in 1914.....marks..	45. 00	
Less 10 per cent.....do....	4. 50	
Total.....do....	40. 50	
Plus case and packing.....do....	3. 00	
Total.....do....	43. 50	
Which equaled at published standard rate of 24 cents.....	\$10. 45	
35 per cent duty thereon.....	3. 65	
Total.....	14. 10	

	Per dozen.	
Same article costs now for export from factory.....kronen..	99. 00	
Plus case and packing.....do....	7. 00	
Total.....do....	106. 00	Gross.
Which equals at prevailing exchange rate of 1½ cents.....	19. 20	
35 per cent duty thereon.....	6. 72	
Total.....	25. 92	

Cost.....	19. 20	
Same article under proposed plan, limiting depreciation of currency to 66½ per cent dutiable value of 106 kronen per dozen, at 0.068 cent (¾ per cent of 0.203) would be \$7.20.		
35 per cent duty thereon would be.....dozen..	2. 52	
Total.....gross..	49. 44	

Other expenses (such as inland—foreign—and ocean freight, marine insurance and petties) to bring this article from factory to New York were before the war \$1.26 per gross, and are now \$2.91 per gross.

	Per gross.	
Dressed dolls, No. 34 c/m, cost before the war at factory in 1914.....marks..	66. 00	
Plus case and packing.....do....	4. 62	
Total.....do....	70. 62	
Which equaled at published standard rate of 24 cents.....	\$16. 95	
35 per cent duty thereon.....	5. 94	
Total.....	22. 89	

Same article costs now for export from factory.....marks..	1, 800	
Plus case and packing.....do....	126	
Total.....do....	1, 926	
Which equals at prevailing exchange rate of 1.60 cents.....	30. 82	
35 per cent duty thereon.....	10. 79	
Total.....	41. 61	

Cost.....	30. 82	
Same article under proposed plan, limiting depreciation of currency to 66½ per cent dutiable value of 1,926 marks, at 8 cents (3¾ per cent of 23.80) would be \$154.08.		
35 per cent duty thereon would be.....	53. 93	
Total.....	84. 75	

Other expenses (such as inland—foreign—and ocean freight, marine insurance and petties) to bring this article from factory to New York were before the war \$3.12 per gross, and are now \$6 per gross.

[A. Field & Co., New York.]

German door locks, No. 6543 (per dozen):	
Prewar cost, in marks.....	9. 80
Equivalent in dollars at 23.80.....	\$2. 33
Duty at 20 per cent ad valorem.....	. 47
Cost of landing goods in New York.....	. 35
Total cost.....	3. 15
Present cost, in marks.....	375. 00
Equivalent in dollars at 1.60.....	\$6. 00
Duty at 20 per cent ad valorem.....	1. 20
Cost of landing goods in New York.....	. 90
Total cost.....	8. 10
Duty at proposed mark valuation of not less than 8 cents.....	6. 00
Cost of goods plus landing cost.....	6. 90
Total cost.....	12. 90
Duty under this valuation..... per cent..	100

German pliers, No. 1195, 6-inch (per dozen):	
Prewar cost, in marks.....	3. 00
Equivalent in dollars at 23.80.....	\$0. 71
Duty at 30 per cent ad valorem.....	. 21
Cost of landing goods in New York.....	. 10
Total cost.....	1. 02
Present cost, in marks.....	108. 50
Equivalent in dollars at 1.60.....	\$1. 74
Duty at 30 per cent ad valorem.....	. 52
Cost of landing goods in New York.....	. 26
Total cost.....	2. 52
Duty at proposed mark valuation of not less than 8 cents.....	2. 60
Cost of goods plus landing cost.....	2. 00
Total cost.....	4. 60
Duty under this valuation..... per cent..	150

German pliers, No. 1133 (per dozen):

	6-inch.	7-inch.	8-inch.
Prewar cost, in marks.....	6. 50	7. 20	8. 40
Equivalent in dollars, at 23.80.....	\$1. 55	\$1. 72	\$2. 00
Duty at 30 per cent ad valorem.....	. 47	. 52	. 60
Cost of landing goods in New York.....	. 23	. 26	. 30
Total cost.....	2. 25	2. 50	2. 90
Present cost, in marks.....	150. 50	192. 25	217. 00
Equivalent in dollars, at 1.60.....	\$2. 41	\$3. 08	\$3. 47
Duty at 30 per cent ad valorem.....	. 72	. 92	1. 04
Cost of landing goods in New York.....	. 36	. 46	. 52
Total cost.....	3. 49	4. 46	5. 03
Duty at proposed mark valuation of not less than 3 cents.....	3. 61	4. 61	5. 21
Cost of goods plus landing cost.....	2. 77	3. 54	3. 99
Total cost.....	6. 38	8. 15	9. 20

Duty under this valuation, 150 per cent.

German pliers, No. 1740 (per dozen):

	6-inch.	8-inch.
Prewar cost, in marks.....	5.50	7.50
Equivalent in dollars, at 23.80.....	\$1.32	\$1.79
Duty at 30 per cent ad valorem.....	.40	.54
Cost of landing goods in New York.....	.20	.27
Total cost.....	1.92	2.60
Present cost, in marks.....	164.25	211.25
Equivalent in dollars, at 1.60.....	\$2.63	\$3.38
Duty at 30 per cent ad valorem.....	.79	1.01
Cost of landing goods in New York.....	.40	.51
Total cost.....	3.82	4.90
Duty at proposed mark valuation of not less than 8 cents.....	3.95	5.07
Cost of goods plus landing cost.....	3.03	3.89
Total cost.....	6.98	8.96

Duty under this valuation, 150 per cent.

German magnets, No. 2003 (per gross):

	4½-inch.	5-inch.	6-inch.	7-inch.	8-inch.
Prewar cost, in marks.....	15.60	19.80	32.40	57.60	79.40
Equivalent in dollars at 23.80.....	\$3.71	\$4.71	\$7.71	\$13.71	\$18.90
Duty at 20 per cent ad valorem.....	.74	.94	1.54	2.74	3.78
Cost of landing goods in New York.....	.56	.71	1.16	2.06	2.84
Total cost.....	5.01	6.36	10.41	18.51	25.52
Present cost in marks.....	467.65	640.00	907.25	1,209.25	1,693.00
Equivalent in dollars at 1.60.....	\$7.48	\$10.24	\$14.52	\$19.35	\$27.09
Duty at 20 per cent ad valorem.....	1.50	2.05	2.90	3.87	5.13
Cost of landing goods in New York.....	1.12	1.54	2.18	2.90	4.06
Total cost.....	10.10	13.83	19.60	26.12	36.28
Duty at proposed mark valuation of not less than 8 cents.....	7.48	10.24	14.52	19.35	27.09
Cost of goods plus landing cost.....	8.60	11.78	16.70	22.25	31.15
Total cost.....	16.06	22.02	31.22	41.60	58.24

Duty under this valuation, 100 per cent.

German scissors, No. 118 (per dozen):

	4-inch.	5½-inch.	6-inch.
Prewar cost, in marks.....	4.80	5.97	6.45
Equivalent in dollars at 23.80.....	\$1.14	\$1.42	\$1.54
Duty at 30 per cent ad valorem.....	.34	.43	.46
Cost of landing goods in New York.....	.17	.21	.23
Total cost.....	1.65	2.06	2.23
Present cost, in marks.....	131.50	169.65	176.60
Equivalent in dollars at 1.60.....	\$2.10	\$2.71	\$2.83
Duty at 30 per cent ad valorem.....	.63	.81	.85
Cost of landing goods in New York.....	.32	.41	.42
Total cost.....	3.05	3.93	4.10
Duty at proposed mark valuation of not less than 8 cents.....	3.15	4.07	4.24
Cost of goods plus landing cost.....	2.42	3.12	3.25
Total cost.....	5.57	7.19	7.49

Duty under this valuation, 150 per cent.

German scissors No. 137 (per dozen):

	4-inch.	5½-inch.	6-inch.
Prewar cost, in marks.....	5.27	6.83	7.46
Equivalent in dollars, at 23.80.....	\$1.25	\$1.63	\$1.78
Duty at 30 per cent ad valorem.....	.38	.49	.53
Cost of landing goods in New York.....	.19	.24	.27
Total cost.....	1.82	2.36	2.58
Present cost in marks.....	111.50	158.25	169.30
Equivalent in dollars at 1.60.....	\$1.78	\$2.53	\$2.71
Duty at 30 per cent ad valorem.....	.53	.76	.81
Cost of landing goods in New York.....	.27	.38	.41
Total cost.....	2.58	3.67	3.93
Duty at proposed mark valuation of not less than 8 cents.....	2.68	3.80	4.06
Cost of goods plus landing cost.....	2.05	2.91	3.12
Total cost.....	4.73	6.71	7.18

Duty under this valuation, 150 per cent.

German pocket knives, No. 25158, pearl (per dozen):

Prewar cost, in marks.....	2.40
Equivalent in dollars, at 23.80.....	\$0.57
Duty at 35 per cent ad valorem (value under \$1 per dozen).....	.20
Cost of landing goods in New York.....	.09
Total cost.....	.86
Present cost, in marks.....	82.75
Equivalent in dollars, at 1.60.....	\$1.32
Duty at 55 per cent ad valorem (value over \$1 per dozen).....	.73
Cost of landing goods in New York.....	.20
Total cost.....	2.25
Duty at proposed mark valuation of not less than 8 cents.....	3.64
Cost of landing goods plus landing cost.....	1.52
Total cost.....	5.16
Duty under this valuation (per cent).....	275
German pocket knives, No. 28010, ox (per dozen):	
Prewar cost, in marks.....	5.00
Equivalent in dollars at 23.80.....	\$1.19
Duty at 55 per cent ad valorem.....	.65
Cost of landing goods in New York.....	.18
Total cost.....	2.02
Present cost, in marks.....	126.50
Equivalent in dollars at 1.60.....	\$2.02
Duty at 55 per cent ad valorem.....	1.11
Cost of landing goods in New York.....	.30
Total cost.....	3.43
Duty at proposed valuation of not less than 8 cents.....	5.57
Cost of goods plus landing cost.....	2.32
Total cost.....	7.89

Duty under this valuation.....per cent..	275
German pocket knives, No. 35132, pearl (per dozen):	
Prewar cost, in marks.....	10. 50
Equivalent in dollars at 23.80.....	\$2. 50
Duty at 55 per cent ad valorem.....	1. 38
Cost of landing goods in New York.....	. 38
Total cost.....	4. 26
Present cost in marks.....	317. 75
Equivalent in dollars at 1.60.....	\$5. 08
Duty at 55 per cent ad valorem.....	2. 79
Cost of landing goods in New York.....	. 76
Total cost.....	8. 63
Duty at proposed valuation of mark of not less than 8 cents.....	13. 98
Cost of goods plus landing cost.....	5. 84
Total cost.....	19. 82
Duty under this valuation.....per cent..	275

[J. A. Henckels, New York City.]

German razors, No. 16, five-eighths inch (per dozen):	
Prewar cost, in marks.....	19. 45
Equivalent in dollars at 23.80.....	\$4. 63
Actual duty at 55 per cent ad valorem.....	\$2. 54
Present cost, in marks.....	429. 50
Equivalent in dollars at 1.60.....	\$6. 87
Actual duty at 55 per cent ad valorem.....	\$3. 78
Actual duty at proposed mark valuation of not less than 8 cents.....	\$18. 90
Duty under this valuation.....per cent..	275
German pocketknives, No. 959, pearl (per dozen):	
Prewar cost, in marks.....	29. 75
Equivalent in dollars at 23.80.....	\$7. 10
Actual duty at 55 per cent ad valorem.....	\$3. 91
Present cost, in marks.....	618. 80
Equivalent in dollars at 1.60.....	\$9. 90
Actual duty at 55 per cent ad valorem.....	\$5. 45
Actual duty at proposed mark valuation of not less than 8 cents.....	\$27. 23
Duty under this valuation.....per cent..	275
German razors, No. 23, five-eighths inch (per dozen):	
Prewar cost, in marks.....	19. 85
Equivalent in dollars at 23.80.....	\$4. 72
Actual duty at 55 per cent ad valorem.....	\$2. 60
Present cost, in marks.....	625. 04
Equivalent in dollars at 1.60.....	\$10. 00
Actual duty at 55 per cent ad valorem.....	\$5. 50
Actual duty at proposed mark valuation of not less than 8 cents.....	\$27. 50
Duty under this valuation.....per cent..	275
German eraser, No. 50 (per dozen):	
Prewar cost, in marks.....	6. 15
Equivalent in dollars at 23.80.....	\$1. 46
Actual duty at 55 per cent ad valorem.....	\$0. 80
Present cost, in marks.....	207. 87
Equivalent in dollars at 1.60.....	\$3. 33
Actual duty at 55 per cent ad valorem.....	\$1. 84
Actual duty at proposed mark valuation of not less than 8 cents.....	\$9. 16
Duty under this valuation.....per cent..	275

Taking the present value of the mark at 1.60, taking the emergency bill fixing depreciated currency at not less than one-third of its gold value—meaning 8 cents, round figures—this would produce the following result:

Foreign cost, in marks.	Foreign cost, in dollars.	Present prevailing duty.	Duty paid under present tariff.	Landing cost, not including expenses.	Emergency bill on German goods at 8 cents to the mark, would assess duty on—	Duty exacted under emergency bill.	Emergency landing cost.	Emergency bill duty would be—
Marks.		Per cent.						Per cent.
60	\$1.00	10	\$0.10	\$1.10	\$4.80	\$0.48	\$1.48	48
60	1.00	15	.15	1.15	4.80	.72	1.72	72
60	1.00	20	.20	1.20	4.80	.96	1.96	96
60	1.00	25	.25	1.25	4.80	1.20	2.20	120
60	1.00	30	.30	1.30	4.80	1.44	2.44	144
60	1.00	35	.35	1.35	4.80	1.68	2.68	168
60	1.00	40	.40	1.40	4.80	1.92	2.92	192
60	1.00	45	.45	1.45	4.80	2.16	3.16	216
60	1.00	50	.50	1.50	4.80	2.40	3.40	240
60	1.00	55	.55	1.55	4.80	2.64	3.64	264
60	1.00	60	.60	1.60	4.80	2.88	3.88	288
100	1.60	10	.16	1.76	8.00	.80	2.40	50
100	1.60	15	.24	1.84	8.00	1.20	2.80	75
100	1.60	20	.32	1.92	8.00	1.60	3.20	100
100	1.60	25	.40	2.00	8.00	2.00	3.60	125
100	1.60	30	.48	2.08	8.00	2.40	4.00	150
100	1.60	35	.56	2.16	8.00	2.80	4.40	175
100	1.60	40	.64	2.24	8.00	3.20	4.80	200
100	1.60	45	.72	2.32	8.00	3.60	5.20	225
100	1.60	50	.80	2.40	8.00	4.00	5.60	250
100	1.60	55	.88	2.48	8.00	4.40	6.00	275
100	1.60	60	.96	2.56	8.00	4.80	6.40	300

Cotton warp artificial silk filling necktie silk.

[I. S. Wolf & Co., 130 East Twenty-fifth Street.]

Laid-down prewar price, per yard.....	\$0.33
Duty 30 per cent.....	.10
	<hr/> 43
Goods imported from Crefeld, Sept. 9, 1920:	
Laid-down price, per yard.....	1.00
Duty 30 per cent, cotton chief value.....	.30
	<hr/> 1.30
If imported under the contemplated rate of exchange:	
Foreign price; marks 60.00 per yard at 8 cents.....	4.80
Duty 30 per cent.....	1.44
	<hr/> 6.24
(\$1.44 duty against 30 cents as above.)	

[I. S. Wolf & Co., 130 East Twenty-fifth Street.]

Silk warp artificial silk filling necktie silk.

Laid down prewar price, per yard.....	\$0.45
Duty 45 per cent.....	.20
	<hr/> 65
Goods imported from Crefeld, Sept. 9, 1920:	
Laid down price, per yard.....	1.00
Duty 45 per cent.....	.45
	<hr/> 1.45

If imported under the contemplated rate of exchange:	
Foreign price, marks 80 per yard, at 8 cents.....	4. 80
Duty 45 per cent.....	2. 16
	<hr/> 6. 96
(\$2.16 duty, against 45 cents as above.)	

[Wecker & Co., Importers, 260 Fourth Avenue, New York.]

No. 290. Colored chiffon velvet.

Cost before the war, 4.75 marks per meter, which equaled, at published standard rate of \$0.238.....	\$1. 1186
50 per cent duty thereon.....	. 5593
Same article costs now, 26.83 marks per meter, which equals, at prevailing exchange rate of \$0.016.....	1. 7092
50 per cent duty thereon.....	. 8546
Same article under proposed plan limiting depreciation of currency to 66 2/3 per cent dutiable value of 106.83 marks, at about \$0.08 per mark equals...	8. 5464
50 per cent duty thereon.....	4. 2732

No. 290. Black chiffon velvet.

Cost before the war, 3.30 marks per meter, which equaled, at published standard rate of \$0.238.....	\$0. 9472
50 per cent duty thereon.....	. 4736
Same article costs now, 100.09 marks per meter, which equals, at prevailing exchange rate of \$0.015.....	1. 60
50 per cent duty thereon.....	. 80
Same article under proposed plan limiting depreciation of currency to 66 2/3 per cent dutiable value of 100.09 marks per meter, at about \$0.08 per mark, dutiable value of.....	8. 00
50 per cent duty thereon.....	4. 00

No. 295. Black chiffon velvet.

Cost before the war, 5.25 marks per meter, which equaled, at published standard rate of \$0.238.....	\$1. 2233
50 per cent duty thereon.....	. 6117
Same article costs now, 108.35 marks per meter, which equals, at prevailing exchange rate of \$0.018.....	1. 7336
50 per cent duty thereon.....	. 8668
Same article under proposed plan limiting depreciation of currency to 66 2/3 per cent dutiable value of 108.35 marks per meter, at about \$0.08 per mark, dutiable value of.....	8. 6680
50 per cent duty thereon.....	4. 3340

No. 1090. Black chiffon velvet.

Cost before the war, 1.60 marks per meter, which equaled, at published standard rate of \$0.238.....	\$0. 3900
50 per cent duty thereon.....	. 1950
Same article costs now, 44.26 marks per meter, which equals, at prevailing exchange rate of \$0.019.....	. 7081
50 per cent duty thereon.....	. 3541
Same article under proposed plan limiting depreciation of currency to 66 2/3 per cent dutiable value, 44.26 marks per meter, at about \$0.08 per mark, dutiable value.....	3. 5408
50 per cent duty thereon.....	1. 7704

Exchange equalization measure—Comparative cost plus duty.

	Marks.	
Razors, No. 582/88, cost per dozen before the war, at factory in Germany.....	3.90	
Plus case and packing.....	.03	
Total.....	3.93	
Which equalled at published standard rate of 23.82.....		\$0.93½
35 per cent duty thereon.....		.32½
Total.....		1.26
Same article costs now per dozen for export from factory.....	101.00	
Plus case and packing.....	5.00	
Total.....	106.00	
Which equals at prevailing exchange rate of 1.60.....		1.70
55 per cent duty thereon.....		.93½
Total.....		2.63½
		1.70
Same article under proposed plan, limiting depreciation of currency to 66½ per cent dutiable value of 106 marks, at 7.94 (330 per cent of 23.82) would be \$8.42, and 55 per cent duty thereon would be.....		4.63
Total.....		6.33
Other expenses (such as inland—foreign—and ocean freight, marine insurance and petties) to bring this article from factory to New York were before the war 5 cents per dozen, and are now 30 cents per dozen.		
Razors No. 582/10 cost per dozen before the war at factory in Germany.....	16.50	
Plus case and packing.....	.20	
Total.....	16.70	
Which equalled at published standard rate of 23.82.....		3.98
55 per cent duty thereon.....		2.19
Total.....		6.17
Same article costs now per dozen for export from factory.....	300	
Plus case and packing.....	5	
Total.....	305	
Which equals at prevailing exchange rate of 1.60.....		4.88
55 per cent duty thereon.....		2.68
Total.....		7.56
		4.88
Same article under proposed plan, limiting depreciation of currency to 66½ per cent dutiable value of 305 marks, at 7.94 (33½ per cent of 23.82) would be \$24.22, and 55 per cent duty thereon would be.....		13.32
Total.....		18.20
Other expenses (such as inland—foreign—and ocean freight, marine insurance and petties) to bring this article from factory to New York were before the war 5 cents per dozen and are now 30 cents per dozen.		

	Marks.	
Scissors, No. 234/58, cost per gross before the war at factory in Germany.....	21. 05	
Plus case and packing.....	. 15	
Total.....	21. 20	
Which equaled at published standard rate of 23.82.....		\$5. 05
30 per cent duty thereon.....		1. 52
Total.....		6. 57
Same article costs now per gross for export from factory.....	420. 00	
Plus case and packing.....	3. 40	
Total.....	423. 40	
Which equals at prevailing exchange rate of 1.60.....		6. 77
30 per cent duty thereon.....		2. 03
Total.....		8. 80
		6. 77
Same article under proposed plan, limiting depreciation of currency to 66⅔ per cent dutiable value of 423.40 marks, at 7.94 (33⅓ per cent of 23.82) would be \$33.62, and 30 per cent duty thereon would be.....		10. 09
Total.....		16. 86
Other expenses (such as inland—foreign—and ocean freight, marine insurance, and petties) to bring this article from factory to New York were before the war 12 cents per gross and are now 44 cents per gross.		
Kid gloves, No. 1914, cost per dozen before the war at factory in Germany.....	21. 50	
Plus case and packing.....	. 05	
Total.....	21. 55	
Which equaled at published standard rate of 23.82.....		5. 13
Duty thereon.....		2. 00
Total.....		7. 13
Same article costs now per dozen for export from factory.....	1,150.00	
Plus case and packing.....	1. 24	
Total.....	1,151.24	
Which equals at prevailing exchange rate of 1.60.....		18. 42
Duty thereon.....		2. 00
Total.....		20. 42
		18. 42
Same article under proposed plan, limiting depreciation of currency to 66⅔ per cent dutiable value of 1,151.24 marks, at 7.94 (33⅓ per cent of 23.82) would be \$91.41, and specific duty thereon would be.....		2. 00
Total.....		20. 42
Other expenses (such as inland—foreign—and ocean freight, marine insurance, and petties) to bring this article from factory to New York before the war 5 cents per dozen, and are now 22 cents per dozen.		
Ladies' cotton gloves, No. 22 00, cost per dozen before the war at factory in Germany.....		10. 00
Which equaled at published standard rate of \$23.82.....		2. 38
35 per cent duty thereon.....		. 83
Total.....		3. 21

Same article costs now per dozen for export from factory (case and packing included).....	\$11.30
35 per cent duty thereon.....	6.33
Total.....	17.63

11.30

Same article under proposed plan, limiting depreciation of currency to 66½ per cent dutiable value of 1130 marks, at \$7.94 (33½ per cent of \$23.82), would be \$89.72, and 35 per cent duty thereon would be.....	31.40
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Total.....	42.70
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Other expenses (such as inland—foreign—and ocean freight, marine insurance and petties) to bring this article from factory to New York were before the war 10½ cents per dozen and are now 55 cents per dozen.

Basket brooch.

June 30, 1914—Cost of E7790, 6 cr. per dozen+duty, 60 per cent (crown value 0.203) American cost.....	\$1.95
Mar. 30, 1920—Cost of B1046, 100 cr. per dozen+duty, 60 per cent (crown value 0.0133) American cost.....	2.13
Proposed tariff:	
Cost of B1046, 100 cr. per dozen+duty, 60 per cent (crown at 0.0676) American cost.....	5.39

Twenty-one stone bar pin.

June 30, 1914—Cost of # E7664, 5 cr. dozen+duty, 60 per cent (cr. value 0.203) American cost.....dozen..	1.61
June 4, 1920—Cost of # B2152, 118 cr. dozen+duty, 60 per cent (crown at 0.0133) American cost.....dozen..	2.51
Proposed tariff:	
Cost of # B2152, 118 cr. dozen+duty, 60 per cent (crown at 0.0676) American cost.....dozen..	6.35

Facette jet beads.

[Per package of 100 bunches.]

1914—3.80 kronen at \$0.203.....	\$0.77
35 per cent duty.....	.27
	\$1.04
1921—Cz. kronen 2.80 at \$1.33.....	3.73
35 per cent duty.....	1.31
	5.04

Proposed tariff:	
Cz. kronen 2.80 at \$1.33.....	2.80
Cz. kronen 2.80 at \$6.76=\$18.39 (35 per cent).....	6.62
	9.42

New York, April 21, 1921.

Prewar cost of loose white chatons, from Gablonz, Czechoslovakia:	
Cost, 8 Austrian kronen per mass at 20.3 cents per kronen.....	\$1.62
20 per cent ad valorem duty.....	.32

Total prewar cost per mass or 100 dozen.....	1.94
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Present cost of loose white chatons, from Gablonz, Czechoslovakia:	
Cost, 180 Czechoslovakia kronen per mass at 1½ cents per Czechoslovakia kronen.....	2.40
20 per cent ad valorem duty.....	.48

Total present cost per mass or 100 dozen.....	2.88
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(This is a reduced price in effect Jan. 1, 1921.)

Proposed emergency tariff cost of white chatons from Gablonz, Czechoslovakia:		
Cost, 180 Czechoslovakia kronen per mass at $1\frac{1}{2}$ cents per Czechoslovakia kronen.....		\$2.40
180 Czechoslovakia kronen at $6\frac{1}{2}$ cents, proposed rate, \$12.15; 20 per cent ad valorem on proposed rate.....		2.43
New total cost under proposed rate.....		4.83

MORRIS GOLDBERG'S SONS,
By JOHN L. GOLDBERG.

[Wimelbacher & Rice, New York.]

EXHIBIT A.

Duty payable on cotton gloves at the present market price abroad, duty based on current rate of exchange and duty payable on same gloves at prewar prices, duty based on Government prewar standard for exchange.

No. 1458:

Present market price.....	marks..	500.00
Dutiable value at current rate of exchange, \$0.0160.....		\$8.00
Duty collectible at 35 per cent.....		\$2.80
Prewar market price.....	marks..	9.00
Dutiable value at prewar standard for exchange, \$0.238.....		\$2.142
Duty collectible at 35 per cent.....		\$0.7497
Proposed dutiable value, approximately.....		\$40.00
Proposed duty collectible at 35 per cent.....		\$14.00

EXHIBIT B.

No. 8073:

Present market price.....	marks..	402.00
Dutiable value at current rate of exchange, \$0.0160.....		\$6.432
Duty collectible at 35 per cent.....		\$2.2512
Prewar market price.....	marks..	9.20
Dutiable value at prewar standard for exchange, \$0.238.....		\$2.1896
Duty collectible at 35 per cent.....		\$0.76636
Proposed dutiable value, approximately.....		\$32.16
Proposed duty collectible at 35 per cent.....		\$11.256

EXHIBIT C.

No. 396:

Present market price.....	marks..	160.00
Dutiable value at current rate of exchange, \$0.0160.....		\$2.56
Duty collectible at 35 per cent.....		\$0.896
Prewar market price.....	marks..	4.60
Dutiable value at prewar standard for exchange, \$0.238.....		\$1.0948
Duty collectible at 35 per cent.....		\$0.38318
Proposed dutiable value, approximately.....		\$12.80
Proposed duty collectible at 35 per cent.....		\$4.48

STATEMENT OF WALTER S. HILLBORN, ATTORNEY AT LAW,
NEW YORK CITY, N. Y.

The CHAIRMAN. What is your business?

Mr. HILLBORN. I am an attorney, sir.

The CHAIRMAN. Whom do you represent?

Mr. HILLBORN. I represent 24 importers of novelty jewelry and beads.

The CHAIRMAN. From what country?

Mr. HILLBORN. They import their beads and their novelty jewels from Czechoslovakia and Germany. I have a list of the names of the persons I represent.

(The list of names represented by Mr. Hillborn is as follows:)

Lippmann, Spier & Hahn.	Emerich & Schorsch.
D. Lisner & Co.	Jules Schwab & Co.
Cohen & Rosenberger.	L. Mendelson Co.
Samstag & Hilder Bros.	Lewy & Co.
A. Steinhardt & Bro.	Guthman Solomons Co.
Ben Felsenthal & Co. (Inc.).	H. Wolf & Co.
Royal Jewelry Manufacturing Co.	L. Heller & Son (Inc.).
Wm. E. Flory & Co.	Royal Jewelry Co.
Fred & Ben Lewenthal Co.	Wertheimer, Plehn & Levy (Inc.).
M. Guggenheim (Inc.).	F. Hoffman & Co.
W. Reichart & Co.	A. Miltenberg & Co.

The CHAIRMAN. What do you desire to add?

Mr. HILLBORN. I simply want to add two additional samples, with the prewar prices and the present prices.

Here is a string of pearl beads which cost \$15.99 per gross, prewar price; present price \$22.66 per gross—150 per cent.

The CHAIRMAN. The committee has had that, has it not?

Mr. HILLBORN. That is a different sample, sir.

This is a beaded bag, the prewar price of which was \$1.31 and the present price of which is \$2.56.

Senator SMOOT. And the retail price of which is \$20.

Mr. HILLBORN. Not this bag. We do not sell the retail trade.

The CHAIRMAN. Is that all you have to state?

Senator McLEAN. What are the dates of these importations?

Mr. HILLBORN. The date of this last importation is April 14, 1920.

Senator LA FOLLETTE. What is the date of the prewar price?

Mr. HILLBORN. January 20, 1914.

Senator REED. What is the retail price of that bag?

Mr. HILLBORN. \$7.50.

Senator SMOOT. Where?

(No response.)

The CHAIRMAN. Dr. Herty is here, who was introduced by Senator Spencer and who represents Mr. Levi Cooke. We will hear these gentlemen briefly. I think we have covered the ground pretty thoroughly, however.

Mr. COOKE. Dr. Herty will speak, and then at the conclusion of his remarks I would like to be heard also.

The CHAIRMAN. We want to hear only one person.

STATEMENTS OF DR. CHARLES H. HERTY, EDITOR JOURNAL OF INDUSTRIAL AND ENGINEERING CHEMISTRY, NEW YORK, N. Y., AND MR. LEVI COOKE, ATTORNEY AT LAW, WASHINGTON D. C.

The CHAIRMAN. Please state your name.

Dr. HERTY. Charles H. Herty. I am editor of the Journal of Industrial and Engineering Chemistry, published by the American Chemical Society.

The CHAIRMAN. Where do you live?

Dr. HERTY. New York City.

Mr. Chairman, through my connection as an editor I am in very close touch with matters in the chemical industry, and the announcement that the peace resolution will soon be passed has thrown consternation into the industry. There was an occasion exactly similar to this in November, 1919, when it seemed that peace would be declared, and Congress at that time adopted legislation, regardless of the termination of the war, which would protect the chemical industry until January 15, at which time Congress was reconvened.

The question comes again. Legislation has been under discussion since that time. It has not yet become a law, and we are up against exactly the same question to-day as we were in November, 1919.

The question is, What can be done? Is there necessity for doing anything? That depends upon what products should be dumped upon this market.

In answer to that question I would like to call attention to the statement made by Mr. Jacobi, the representative of the Textile Alliance. He has been representing the State Department in Paris. He states in his report which has been published and which I have here that the German dyestuff policy has changed recently, emphasizing less those dyes which we need in those countries, accentuating those which we make in this country. That has rather serious import.

In the next place Mr. Jacobi, who is just back from Paris, representing the State Department in connection with the reparation dyes, stated to our committee in connection with the question of exchange of some dyes which had come to this country through its share in the reparation that the Germans have dyes which were needed in this country and that the Germans do not want to take those dyes in exchange because their warehouses were so clogged up with supplies that it was a question of storage space as to those dyes.

That statement was made not less than two weeks ago. He also stated that when it was apparent that England was about to adopt restrictive legislation Germany dumped into England more than \$2,000,000 worth of dyes. He also stated that in anticipation of a high tariff in Spain they had stocked up Spain. In spite of those efforts their warehouses are clogged with supplies. That is how he states it to us coming straight from the German factory.

The question comes, Will present legislation take care of this industry?

I want to call your attention to the fact that the Tariff Commission is giving the present legislation very careful study. It has reported to the Congress and it has shown severe defects in it. It was drawn at a time when we were all green at the business in legislating for the coal-tar chemical industry.

In the next place, those recommendations of the Tariff Commission I should say were all embodied in the bill which your committee recommended to the Senate at the last session.

In the next place the industry has been protected by the War Trade Board since the armistice. The statistics of the Department of Commerce show this interesting fact, and it answers, I think, a question that may have important bearing on a remark made a little while ago. That is, that imports are coming into this country

now through neutral countries which have no dye industries. For instance, during the year 1920, there came into this country from Norway, which has no dye industry, 13,200 pounds; from Belgium, 236,697 pounds; from Japan, 1,000 pounds; from Italy, 76,000 pounds from Holland, 350,000 pounds; from France, 471,000 pounds; from England, 389,000 pounds.

What that means, is simply two things. In the first place, German goods——

Senator SMOOT. Do you know what class of dyestuffs those were?

Dr. HERTY. Yes, sir. Everything except natural indigo.

Senator SIMMONS. Do you mean to say that neither England nor France has any dye industry at all?

Dr. HERTY. Oh, no. I mean Holland. There are great quantities come in from Switzerland.

The CHAIRMAN. Are these articles supposed to come from Germany originally? Are they of German manufacture?

Dr. HERTY. That I have no evidence of, Senator, except that these countries have no dye industries.

The CHAIRMAN. No; but England and France have very large dye industries.

Dr. HERTY. France? Not yet, sir.

The CHAIRMAN. England has. Have you any evidence that those articles are not of English manufacture?

Dr. HERTY. I have none at all. The invoices would show that. The goods, as they are appearing on the market, as I am told by the men in the trade in New York, bear German labels.

Senator SIMMONS. Do the goods that come from England to this market come at a lower rate than the German rate?

Dr. HERTY. You mean, at the same price?

Senator SIMMONS. Yes. How does the price of the English importations of dyestuff compare with the German price?

Dr. HERTY. On account of exchange they are a good deal higher.

Senator SIMMONS. Are there many?

Dr. HERTY. Here is the point, Senator——

Senator SIMMONS. Let us have the question answered first, please.

Dr. HERTY. I have no direct prices with me, Senator.

Senator SMOOT. You have no doubt but what under the exchange depreciation German dyes are higher than the American dyes?

Dr. HERTY. It depends upon whether they are competitive or noncompetitive, Senator.

Senator SIMMONS. Let me ask you this——

Dr. HERTY. If they are competitive they are cheaper.

Senator SIMMONS. You have indicated in your statement here to this committee that in your opinion a large part of these dyes, especially those coming from countries that have no dye industries, are German dyes shipped into those countries and transshipped here. Notwithstanding this license system against German importation of dyes into this country, is there any reason, if Germany wanted to sell their dyes in this market, she could not do so? In other words, if Germany can send us through Holland or through Belgium the small amount of dyes that you indicate here, can she not send as large an amount as she desires to send?

Dr. HERTY. Just as large; yes, sir.

Senator SIMMONS. Therefore you are right now and have been for some time in the same jeopardy as you stated you would be in as soon as peace was declared with Germany.

Dr. HERTY. I think Mr. Cooke, here, who is going through some of these experiences right now, to-day, can answer that question.

The CHAIRMAN. Is Mr. Cooke in the dye business?

Senator SIMMONS. That is a question that largely answers itself.

Mr. COOKE. I have represented other clients, but I am very much concerned with the chemical business now. I have been counsel for Monsanto Chemical Works at St. Louis, which is the operation to which Senator Spencer referred, and I am familiar entirely with its operations. They started in 1901 and made coal-tar medicinal and fine chemicals out of German intermediates. To buy those German intermediates they had to go as far away from Germany as Ceylon, India, and had brokers there to purchase those intermediates, because the German syndicate would make every effort to destroy their actual business at St. Louis by preventing Monsanto's securing its supply of intermediates.

The plant started in a factory no bigger than this room in 1901. A year ago it employed 1,800 men and had over \$10,000,000 invested, much of it put in during the war to meet Government exigencies, on borrowed capital, very largely. It reinvested every dollar it earned in the business. To-day the plant is employing only 200 men, and the reason for that is this—I do not know so much about dyes as I do about fine medicinal chemicals and other fine chemicals made by Monsanto, but the whole American trade is anticipating that the protection of the American chemical industry will break down, due to the interim between —

The CHAIRMAN. That horrible picture has been painted to us for a year and a half. The ships are waiting outside the 3-mile zone to come in here with cargoes the moment the armistice is signed. The ships have not yet appeared in sight, and there is no evidence that any German article is coming here.

Mr. COOKE. I can explain that, Senator Penrose. There has been a war-trade section of the Department of State which, under the authority of the trading with the enemy act, is refusing to admit German chemicals unless there is not a sufficient domestic supply in grade, price, and quantity.

The CHAIRMAN. I am not going to get into an argument, but we can not prevent these importations from Sweden and other places of German origin. We have had those nightmares before.

Mr. COOKE. If the chairman please, I can say that it is not a nightmare now. It is a present actual thing.

Paratoluolsulfamide is a product manufactured in the Monsanto Chemical Works. From it they manufacture chloramine-T; 22,000 pounds of paratoluolsulfamide is a very large shipment, enough to break down any factory in this country that manufactures it. Such a shipment from Switzerland has just been authorized by the war-trade section. It is absolutely impossible for American manufacturers to meet the competition, and nothing in the present anti-dumping provision of this act or in any provision of the act will save the chemical industry, on account of its peculiar and distinct character.

The first witness that you heard to-day stated that the chemical business was a distinct and different thing from any other class of production.

There are certain commodities that 50 tons imported from abroad would break down, not only the production of the particular product, but the entire system——

The CHAIRMAN. Pardon me. I want to treat you with courtesy, but do not take up the time of the committee with a matter of that kind, inasmuch as the committee is in close touch with chemical manufacturers of the country and there has not been a complaint from them.

Mr. COOKE. If the chairman please, the entire chemical industry of the country will be here in 24 hours to affirm what I am stating, and the only reason they are not here is that you signified you did not desire to hear more than one or two witnesses.

The CHAIRMAN. I certainly will not hear them.

Mr. COOKE. But the entire industry will come up and stay until it can secure relief.

Senator McLEAN. What is the cause of the depression in your business?

Mr. COOKE. The anticipation of all that there will be no protection in the industry.

Senator McLEAN. You say you employ how many men?

Mr. COOKE. Eighteen hundred.

Senator McLEAN. How long since?

Mr. COOKE. About six months.

Senator McLEAN. Six months ago you had 1,800 men employed?

Mr. COOKE. Yes, sir.

Senator McLEAN. How many do you employ now?

Mr. COOKE. It is down to 200 now.

Senator McLEAN. Is that due to a lack of demand for the goods or to competition?

Mr. COOKE. The trade fears that it is due entirely to the expectation of cheap goods in the United States and cheap chemicals of all kinds.

Senator SMOOT. Let us take my State, for instance. Nearly every mine in the State is closed. The price for lead is 4 cents, lower than it has been for a quarter of a century. They have to pay 2 cents to get it to New York. We can not pass a law here now in this emergency bill to take care of that situation. It is impossible.

Mr. COOKE. The situation in Utah, or this situation?

Senator SMOOT. The situation in Utah. We could not cover that situation any more than this situation.

Mr. COOKE. The buyers of the products of the Monsanto Chemical Works know that unless our production and operation are assured they are then again at the mercy of the German fine chemical manufacturers who will hold the prices at whatever they want to take.

Senator SMOOT. Dr. Herty, can you tell me what silver blacks are selling for now?

Dr. HERTY. I think in the neighborhood of something like 90 cents. I am not quite sure of that.

Senator SMOOT. What were they before the war?

Dr. HERTY. About 30.

Senator SMOOT. Oh, not that high—not more than 21 cents or 22 cents at the outside.

Dr. HERTY. I could not state with accuracy.

Senator SMOOT. But they are 90 cents to-day?

Dr. HERTY. I do not keep up with that end of it.

Senator SMOOT. I thought you did.

Dr. HERTY. Mr. Chairman, may I state one thing to Senator Simmons? Because this is a new development in connection with the carrying out of the peace treaty and the reparation dyes. Dyes have been gotten at the rate of current exchange on August 15, 1919, when the mark was worth 4 cents. These dyes were very cheap. They have been taken to these countries; they have been coming over here, and the ruling is with the customs people, "We do not care whether these are of German origin or not as long as it can be shown they were bought in Italy or Belgium and went from those countries and they claim it is their property as coming through the peace treaty."

Senator SIMMONS. Is there anything that would prevent a German from selling his dyestuffs to an Englishman?

Dr. HERTY. There is now; yes, sir. They have a strict license system there.

Senator SIMMONS. I am talking about our license system. There is nothing in our license system that can prevent a German from selling his dyestuffs to an Englishman?

Dr. HERTY. No, sir.

Senator SIMMONS. And delivering them to the Englishman?

Dr. HERTY. No, sir.

Senator SIMMONS. When the Englishman gets them is there anything in our license system that would prevent his sending them here?

Dr. HERTY. Yes, sir. The consul requires a certification that it is not of enemy origin. That certification is required. Sometimes it is carried out; sometimes it is not.

Senator SIMMONS. This Government, under a license permitting the importation of dyes from Germany would prohibit the importation from Great Britain?

Dr. HERTY. From anywhere, provided it is of German or enemy origin. That is carefully covered. That is where the Swiss people have insisted—

Senator McCUMBER. Are they doing it?

Dr. HERTY. Yes, sir; except in the matter of these reparation dyes, except such as are entitled to come in by license issued by the War Trade Board. Dyes from Germany can come over if the license is given by the War Trade Board, which it is in a great many cases.

Senator REED. Mr. Chairman, I am a baby on this committee, but I hope that the necessary time will be taken to permit Mr. Cooke and the Doctor here to fully state their case.

I am a low-tariff man; have always been, and probably always will be, but if there is an actual emergency presented here, no matter what the cause, that ought to be met, then we ought to meet it. Without committing myself at all on the question, I think that it would be wise to give these gentlemen time to let them state their

case so that they will get it before us, even if it does take a little while. I hope the committee will do that. I know there has been a great fight over the dye question. The woolen mills and cotton mills and others have taken one side of it, and the chemical industry has taken another.

I ask that these gentlemen be given a full opportunity to state this case. If it does not accord with your views, that is a different thing. I like to see a man have his day in court.

The CHAIRMAN. The Senator ought to be reminded that these gentlemen asked for 5 minutes and have had 25 minutes. But the patience of the committee is without limit, and it will proceed to hear them.

Dr. HERTY. I simply want to again emphasize that this suggestion that I am making to the committee is that the committee take the same action—not necessarily in the same words, but the same spirit—taken in November, 1919, to pass interim legislation that would guard this industry against a flood of importations in case peace was declared before Congress reconvened in January, 1920. That is the resolution here, House general resolution 249.

The conditions, in other words, that exist to-day, are the same as existed at that time. The industry has not made great progress in the meanwhile because it has been waiting for Congress to enact definite legislation. Exchange in Germany is much lower now than it was then. Their industry is just as strong to-day as it was then. It is not simply a question of dyes; it is a question of medicinal and photographic chemicals. Those things go into the large industries. Sulphuric acid, nitric acid, and caustic go into other industries, and the whole chemical situation is affected. Conditions have not changed since that time, and I sincerely hope, gentlemen—

Senator SIMMONS. Doctor, do you not think at the same time, however, that the committee having considered your proposition in reporting the bill out, considering a like proposition for which the same reasons were advanced which you suggest—we called them “pop-gun” bills at that time—would you suggest that the bills that were reported by this committee contemporaneously with the dye-stuff bill should be added to this emergency tariff?

Dr. HERTY. I would like to see it, sir. I think the question as to surgical instruments is in point. There is a large question involved in this matter, because this question is very intimately tied with national defense.

The CHAIRMAN. Doctor, there has not been a statement that you have made to the committee that has not been addressed to this committee in all respects.

Dr. HERTY. I think I have said enough, Mr. Chairman.

Senator McLEAN. Did you present your case before this last emergency bill was reported? Did you have any opportunity to present your case to the House committee at all?

Dr. HERTY. This is simply to be interim legislation.

Senator McLEAN. I understand.

Dr. HERTY. I understand that hearings were held both before the Senate and House committees.

Senator McLEAN. Have you had any opportunity at this session on this bill here to present your case to the House committee?

Dr. HERTY. No, sir.

Mr. COOKE. The situation has changed since this bill left the House, because of the imminent prospect of passage of Senator Knox's resolution, which will end the state of war.

Senator McLEAN. There is no reason why we should foreclose you if conditions have so changed——

Dr. HERTY. The only change is the prospect of immediate peace with Germany.

Mr. COOKE. Here is the situation, if I may state it succinctly and briefly, as we see it:

If the Knox resolution is passed and the state of war ends, what power the War Trade Board section of the State Department has to exclude German chemicals will cease and determine immediately.

Senator WATSON. And they have been excluding German chemicals up to this time?

Mr. COOKE. To a considerable extent, although neutrals are now discovering that they can force their products in by making necessary declarations, and we can not disprove that the products are of neutral or allied origin.

Senator Penrose says that he has heard of ships on the sea and a flood of chemicals. As a matter of fact, the Germans did flood England, and England passed the very rule that we are now seeking, after the damage had been done, and they have more chemicals of many kinds than they can use in their own country in a long period, and chemicals are in the warehouses at Liverpool and London.

The CHAIRMAN. This statement was denied by high authority. I do not know which is correct.

Mr. COOKE. Those dyes and chemicals are being offered at a lower price than they can be manufactured for in the United States.

We had no opportunity before the House committee to discuss this thing, because the situation was not so dangerous and critical and even desperate as long as the Knox resolution was not passed, and so long as we could proceed in an orderly fashion in this industry anticipating the tariff act which is to be passed, presumably in the course of a few months. There was no reason for these men to do other than to sit tight and do their best to hold their organizations together awaiting that protection. If 10 tons, as I said, of certain of these chemicals come in it will break one plant after another——

Senator SMOOT. If that is the case, Mr. Cooke, then we have got to put an absolute embargo on that 10 tons of chemicals. There has got to be an embargo because if there is not Germany could do it anyway. If we put on a duty of 10,000 per cent, if she could destroy an industry by keeping away 10,000 tons of importations——

Senator WATSON. You have no doubt about her entire willingness to do that, have you?

Senator SMOOT. I do not think any 10 tons of anything in the world is going to destroy an industry in this country.

Senator WATSON. I quite agree with you about that, but nevertheless Germany would be glad to bring it down if she could. It is our business to see that she does not.

Mr. COOKE. One hundred tons of one or two articles would put the Monsanto factory out of commission. It may not be 10 tons or 100 tons or 500 tons, but what would fill one end of a ship would do it.

They are waiting to ship that into the United States in the hope that it will destroy this industry. There is no question about it whatever.

Senator SMOOT. Why did they not destroy it before the war?

Mr. COOKE. We had no chemical industry except heavy chemicals.

Senator SMOOT. Who was it that positively fought for years and years against any kind of a duty put upon intermediate dyes? It was the dye manufacturer in this country.

Mr. COOKE. We had to, sir.

Senator SMOOT. In the 1909 act we undertook to protect intermediate dyes so that they could manufacture those intermediate dyes in this country and be independent. What happened? If you know anything about the dye business, you know what happened. You know that the House would not agree to it. You know that Mr. Payne stood at the head of the committee. Of course, we went back and put them on the free list. We were perfectly willing and content up to that time to take intermediates from Germany and compound them and sell them in this country—

Mr. COOKE. They are not compounded, Senator Smoot. They are finished, which is another step in chemical procedure.

I want to explain to you just what happened on intermediates when the war started. No man before the war could undertake to manufacture a single intermediate here, no matter what his protection was on that intermediate; it would have to be built up piece by piece and step by step to create a chemical industry here equal to the German industry, which had been going for 40 years.

The Monsanto Chemical Works, in the spring of 1915, invested large sums of money, with the knowledge that if the war ended that money was gone. It was invested in the installation of intermediate processes and the various apparatus to do the work. They employed the men. They had chemists who knew how to do it but they had never had the opportunity as a chemical operation to do it before. The first intermediates made in the United States were made in St. Louis, and one day it was found that three men were dead and 18 or 20 were very ill. The factory had to close down. Then they had to study occupational diseases in connection with the manufacture of intermediate coal-tar dyes. German literature was silent on the subject of these occupational diseases. In other words, that was one of their secrets. Anybody that wanted to engage in manufacturing intermediates would have to discover the occupational diseases through the loss of their men. The company developed defensive measures, building a \$200,000 laundry and wash house to protect the workmen. It did make intermediates, however, and is now making intermediates, and other manufacturers in the United States, under the exigency of war, went into the manufacture of intermediates and we developed a coal-tar chemical industry from the ground up in the United States. Immense sums of money were invested and it is to be hoped that the industry can be preserved.

Senator SMOOT. Mr. Cooke, all this statement that you are making now we already know. I am speaking about the dye industries of this country, with the exception of the St. Louis concern that did try to make medicinal products. Nobody defended them on the floor of the Senate as I did in 1909 and in 1913, and I tried to get the protection that I thought they ought to have for intermediates. We

know that since then they have had to make those intermediates. Protection on those intermediates is what you ought to have had in 1909 when we tried to do it, but every dye manufacturer in this country positively refused to accept it.

Mr. COOKE. It would have increased their costs of production. They would have locked horns with Germany. If Germany had not gone to war, Germany would have continued to furnish the chemicals, because no other country in the world could manufacture them and compete with Germany on the finished products.

Senator REED. As I understand you, prior to a few years before the war the chemical industry in this country was dependent upon certain intermediate products, as you have termed them, which they had to get from abroad, and then they finished them?

Mr. COOKE. Yes, sir.

Senator REED. Then during the war, or just before we got into the war, this company and some other companies undertook the business of manufacturing intermediates. It succeeded in that and thus became able to manufacture practically all the chemicals that we needed?

Mr. COOKE. They had a complete industry at that time.

Senator REED. When the armistice was signed, you anticipated that there would be an immediate opening of our ports, and you were not so much afraid of the legitimate competition of other countries as you were afraid of a large accumulation of dyes being dumped in here and sold at any price, and in order to defend against that there was an act passed empowering the board to license the importation of chemicals?

Dr. HERTY. That act existed long before that.

Senator REED. Very well; but it was in operation. Peace was not declared, and that board continued to protect this industry to a large extent. But if the Knox resolution is passed, then the powers of that board will cease, and you assert that you know that there are large amounts of these dyes at prices that will completely break the market ready to be shipped into this country; and what you are asking now—I am right thus far, am I not?

Dr. HERTY. Yes, sir.

Senator REED. What you are asking now is that there shall be an amendment added to this bill which will continue the powers of that board until we have a tariff bill passed?

Mr. COOKE. That is right.

Senator REED. You simply want to extend the bridge that now exists to cover a gap that you fear will be created?

Mr. COOKE. Yes, sir.

The CHAIRMAN. This is the St. Louis concern, is it not?

Mr. COOKE. Yes, sir; but I can speak for the entire industry of the United States. I could have a representative of every factory in 24 hours to confirm what I say.

Senator SIMMONS. If this bill is passed would you not get all you are asking for?

Mr. COOKE. No, sir.

Senator SIMMONS. The witness who testified just before Dr. Herty stated that if this bill is passed it would establish an absolute embargo upon all the products of Germany and Central Europe, or practically all. Why would not that embargo protect you? I do not know

whether he was correct in that statement, but he undoubtedly made that statement.

Mr. COOKE. If you will recall, he expressly excepted the chemical industry.

Senator SIMMONS. I do not recall that he did except it.

Mr. COOKE. He made that statement while he was on his feet.

Senator SIMMONS. I can not see, even if he did except it, why this embargo would not apply.

Mr. COOKE. I have tried to explain that as well as I could. Dr. Herty may be able to explain it better, but here is the situation—

Senator SIMMONS. There is another thing that I would like to ask you. Have you read the reports of the Tariff Commission with reference to dyestuffs? My impression is there is a report—I may be wrong about it, and if I have not seen it in the Tariff Commission's report I have seen it in some other publication as a result of some other investigation made for the purpose of ascertaining the truth of the rumor that Germany is accumulating dyestuffs and products to be dumped here, and the result of the investigation showed that there were no accumulations of dyestuffs in Germany as stated.

Mr. COOKE. The fact is that Dr. Jacobi reports from Paris—

Senator SIMMONS. I do not care about one individual. I am talking about an official investigation.

Mr. COOKE. He has an official standing.

Dr. HERTY. He was connected with the Department of State. I should think his report could be gotten from the War Trade Board section of the Department of State, because he came here to report.

Mr. COOKE. I might say that Mr. Robinson makes a most convincing statement as to his anticipation of what will occur immediately, and he gathers that from the proposals to import that he has encountered.

Senator SIMMONS. I am in very great sympathy with the efforts to establish the dyestuffs industry, but I do not want to see something put over upon mere rumor.

Mr. COOKE. Senator, we ask for only six months' operation of a restriction of imports of these chemicals. We are perfectly willing, so far as the Monsanto Chemical Works is concerned, and I think the entire industry is perfectly willing, to leave its case to Congress on the ultimate tariff bill; but the chemical trade, as I see it, is in the position of a man holding up a building. He can hold it up for 10 minutes, but if help does not come he is going to be crushed in the eleventh minute.

It makes absolutely no difference how kindly disposed Congress is, this industry will have been tied up for a year or two years, because if they get in the amount of merchandise which they can put in, and will put in, there is no use of running any chemical plant in the United States until that stuff is all used up. They have to bring in only a small amount of chemicals in order to stop the entire operation. They only have to break three or four spokes out of the wheel and the wheel will collapse.

The CHAIRMAN. This really must stop, gentlemen. This is unreasonable.

We will hear one more statement, Doctor.

Dr. HERTY. With reference to the point raised by Senator Reed, you know that the industry can not be started in this country at all without intermediates which are made from the crude metal—

Senator SMOOT. I know just as well as you do, Doctor, why they made the crude here—because they could not get it from any other source. You know that in 1909 there was not a chemical manufacturer or a dye manufacturing concern in the United States that wanted to establish the intermediate industry.

Dr. HERTY. You are right, sir.

Senator SMOOT. They came here before us and Senator Aldrich at the time and insisted that that be done or there never would be a chemical industry established in the United States that amounted to anything.

Dr. HERTY. You are absolutely right, sir.

Senator SMOOT. So the Finance Committee of the Senate agreed to that. We did put a duty upon intermediates, but when the bill got into the House there were certain interests there that I am not going to refer to now, but they simply said in conference: "We will never stand for it." It had to go out or the bill would fail. That is the history of it.

Dr. HERTY. You are exactly right, sir.

Senator WATSON. I am told that Senator Knox has an amendment prepared, and he desires to come before the committee and make some remarks upon it the next time we meet. It is to cover the hiatus that will exist between the passage of the Knox resolution and the passage of the tariff measure. But if anybody representing this dye industry, which some of us look upon as absolutely essential for many things, desires to be heard I think he should have an opportunity to be heard.

Senator SMOOT. I would like to add lead to that.

Mr. COOKE. Is there any lead being imported?

Senator SMOOT. Oh, yes.

The CHAIRMAN. There are other gentlemen who have come from a distance and who would like to have an opportunity to be heard to-day. John R. Rafter, a New York importer, is here.

Mr. COOKE. May I have on the record a resolution of the American Drug Manufacturing Association?

The CHAIRMAN. You may leave anything you desire to have put into the record, and if you will see the stenographer I would like to have you revise your proof.

(The resolution referred to is as follows:)

RESOLUTION OF AMERICAN DRUG MANUFACTURING ASSOCIATION.

Whereas during the years preceding the World War the chemical industry of this country was undeveloped and largely dependent upon foreign countries; and
Whereas such undevelopment was due to inadequate governmental support and protection from foreign competition; and
Whereas the developments of the past six years have conclusively shown that the chemical industry is vital to the welfare of the Nation during time of peace and absolutely essential during time of war; and
Whereas very large investments were made in this country during the World War to develop the chemical industry to meet the imperative needs of the Nation; and
Whereas a somewhat similar expansion and development occurred in most foreign countries; and
Whereas as a result of this world-wide expansion, the industry of this country is being attacked by importation from foreign countries, and

Whereas the demoralized condition of the foreign exchanges enables certain foreign countries at this time to sell goods in this country at below prewar prices, and far below domestic cost of production; and

Whereas this condition is detrimental to the best interests of this country, resulting in unemployment and injury to a vital industry: Therefore be it

Resolved, That the American Drug Manufacturing Association in convention assembled hereby declares that, as large consumers and manufacturers of chemicals, it favors and urges the Congress of the United States to confer immediately upon the War Trade Board—pending the enactment of new tariff laws—authority to regulate the imports from all countries, of chemicals now manufactured in the United States and available at reasonable prices and in sufficient quantities to supply all requirements as is now done with dyestuffs and chemicals of German origin to prevent the dumping of such chemicals in the United States.

That a copy of this resolution be sent promptly to the chairman of the Ways and Means Committee of the House and the chairman of the Finance Committee of the Senate.

Senator REED. Mr. Chairman, there will be no objection to putting in the amendment which Mr. Cooke and his parties want the committee to consider?

The CHAIRMAN. Certainly not.

(The amendment referred to by Senator Reed is as follows:)

AMENDMENT TO H. R. 2435.

APRIL 20, 1921.

Insert, after word "conditions," in line 12, on page 11, the following:

"*Provided further*, That on and after the day following the passage of this act, for the period of six months, no sodium nitrite, dyes, dyestuffs, including crudes, intermediates and other products derived directly or indirectly from coal tar, and no finished or partly finished products, mixtures, and compounds of coal-tar products, and no synthetic organic drugs, or organic chemicals, shall be admitted to entry or delivered from customs custody in the United States or in any of its possessions unless the Secretary of the Treasury shall determine that such article or a satisfactory substitute therefor is not obtainable in the United States or in any of its possessions on reasonable terms as to quality, price, and delivery, and that such article in the quantity to be admitted is required for consumption within six months by an actual consumer in the United States or in any of its possessions, and the Secretary of the Treasury may make all rules and regulations necessary and proper for the accomplishment of the purposes of this proviso."

The CHAIRMAN. The Chair desires to state for the information of the gentlemen present that the committee will probably not sit this afternoon, but when it adjourns at 1 o'clock or shortly thereafter, it will meet at half past 10 o'clock to-morrow morning.

Mr. RAFTER. My errand is the same as that of Mr. Doherty, who appeared first before the committee this morning, namely, to enter a protest against the proviso in section 214 of the antidumping bill which would limit the depreciation of foreign currencies in estimating ad valorem duties.

As you know, the provision fixes a limit of 66⅔ per cent from the value of the pure metal in the standard coins of all foreign countries. The plain meaning and certain effect of that proviso will be to divide all foreign countries into different groups. As to many, including Belgium, Canada, Chile, Cuba, Denmark, France, Great Britain, Greece, Holland, Japan, Norway, Peru, Spain, Sweden, and Switzerland, there will be no effect whatever in so far as the amount of duties to be paid by them on their exports to the United States is concerned.

As to other countries, numbering at least 11, there will be a very decided effect. Those countries are Austria, Brazil, Finland, Germany, Hungary, Italy, Paraguay, Portugal, Rumania, Russia, and Serbia.

STATEMENT OF JOHN R. RAFTER, 34 PINE STREET, NEW YORK, N. Y.

The CHAIRMAN. What is your business?

Mr. RAFTER. Attorney.

The CHAIRMAN. Whom do you represent?

Mr. RAFTER. With Mr. Carl W. Stern of M. T. Corbett & Co., I represent the Lace and Embroidery Association of America (Inc.), Gimbel Bros., Cohen & Rosenberger (Inc.), Wimmelbacher & Rice, N. J. Richman Co., Metelburg Specialty Co., I. Goldberg, Rothschild Bros. & Co., A. J. Hague & Co., Naday & Fleischer, D. G. Dery, Max Mandel Laces (Inc.), Griffon Cutlery Works, all of New York, and Robert Reiner (Inc.), of Weehawken, N. J.

The CHAIRMAN. You represent M. J. Corbett & Co., do you?

Mr. RAFTER. No, sir; they are the customhouse agents for the firms for whom I appear.

The CHAIRMAN. How much time do you require?

Mr. RAFTER. I would like 30 minutes' time, Mr. Chairman.

The CHAIRMAN. The committee will adjourn close to 1 o'clock. See if you can not make it shorter than that.

Mr. RAFTER. I should be perfectly content to wait until some time later in the afternoon.

The CHAIRMAN. The committee will not meet again this afternoon. It will meet tomorrow.

Mr. RAFTER. Under those conditions I think I had better proceed now.

The CHAIRMAN. Mr. Rafter, you are covering ground that has already been fairly well covered. Are you going to read a paper to the committee?

Mr. RAFTER. No, sir.

The CHAIRMAN. Because, if you are, you can have it put in as a part of your remarks.

Mr. RAFTER. No, sir; I am just enumerating from my notes the names of the countries.

The CHAIRMAN. I suggest that you do not cover ground already covered.

Mr. RAFTER. I shall try not to.

Their duties will be increased anywhere from 30 per cent over existing amounts of duty in the case of Brazil, to some forty-two hundred per cent in the case of Russia. In the case of Germany, against whom apparently the measure is particularly directed, the increase will be about 400 per cent.

Senator SIMMONS. How much would it be against Italy?

Mr. RAFTER. It would be approximately 36 per cent increase.

There is a third group of countries whose status, as I read the measure, will be uncertain under that provision; namely, Czechoslovakia, Jugoslavia, Poland, and Argentine Republic. As to the first three, the new Republics which came out of the war, my information is that they have no standard metal coin. Therefore, the depreciation provided for at 66½, which, under the law, must be measured from the metal value of the standard coin as estimated by the Director of the Mint quarterly and proclaimed by the Secretary of the Treasury quarterly, apparently will not apply to these three countries.

It is apparently because they have no standard coin, that the Secretary of the Treasury has never proclaimed coin values for those countries.

Senator McCUMBER. How do you estimate it in those countries unless you have some standard of measurement with the American dollar?

Mr. RAFTER. We know the foreign exchange value of the moneys. We also know their nominal or par value. In the case of Czechoslovakia the nominal value would be the same as that of the Austrian crown, 20.3 cents. In the case of Yugoslavia it would be the same. In the case of Poland it would be the same as the German mark, 23.8 cents.

So I say, if my interpretation of section 214 is correct, the measure will have an unequal and unreasonable application because the depreciation in the currency of those three countries has been just as great as in the moneys of most of the countries which the measure will undoubtedly affect, and greater than in the case of a good many of them. For instance, Poland has the largest currency depreciation of all the countries.

With regard to the position of the Argentine Republic, which I have also referred to as uncertain, that country has two distinct forms of currency in actual circulation, namely, the gold peso and the paper peso. The gold peso is worth, normally, 96½ cents. The paper peso is convertible into gold at only 44 per cent of its face value.

I am speaking now of normal conditions. That would mean a normal or par value for the paper peso of about 42 cents.

The effect on Argentina, under section 214, will be that on imports from that country purchased in paper pesos the depreciation will necessarily be measured from the value of the pure metal in the standard coin, which is the gold peso. That will not give a true indication of actual depreciation in the currency in which the goods were bought.

In other words, the paper peso to-day is worth about 31½ cents, meaning a depreciation of about 32 per cent from its own or par value. Under the proposed measure the depreciation would be calculated from the value of the standard metal coin, 96 cents, and would be found to exceed 66½ per cent, whereas it actually amounted to 32 per cent only. In other words, Argentine paper currency would be allowed a depreciation of only 32 per cent or thereabouts, whereas in the case of all other countries the limit would be 66½ per cent. That, I believe, is one point where the measure does discriminate against at least one country.

I shall not repeat the points made by Mr. Doherty, but in addition to the data submitted by him showing that the prewar prices of imports from low-currency countries have advanced to the same or a greater extent than the currencies of those countries have depreciated, I want to submit to the committee a series of statements, made up in book form, from practically all of the firms which I represent, stating prewar and present-day prices.

The CHAIRMAN. Has your book been printed?

Mr. RAFTER. No, sir; it has not. It was gotten together within the last 48 hours and I have not had time to have it printed.

The CHAIRMAN. Are you going to have it printed?

Mr. RAFTER. If the committee desires it.

The CHAIRMAN. That is entirely up to you.

Mr. RAFTER. I would like to file it with the committee, anyway. It contains the written statements of these firms as original exhibits.

The CHAIRMAN. You may file it with the committee, and if you have any brief statement of statistics or figures that you desire to present you can have them inserted as part of your remarks.

Mr. RAFTER. I have also prepared a tabulation summarizing the data contained in written statements of the various firms.

The CHAIRMAN. The committee will have it very carefully examined by the experts who are working for the committee, and will also examine it themselves.

Mr. RAFTER. Without citing specific instances shown by these exhibits, I may say that it appears clearly that on all products imported from those low-currency countries by the firms for whom I appear, the present-day prices have increased anywhere from 12 to 60 times prewar prices. Sixty times is an extreme case. Twelve times is an unusual case. The average or usual case would be from 15 to 25 times prewar prices.

As against that, the committee well knows that the German mark has depreciated in standard value fourteen-fifteenths, being to-day worth only one-fifteenth of its former value. So that it is fair to say that values have risen at least to the same extent as moneys have depreciated in that country.

Senator WATSON. What you object to is the inclusion of the 66½ per cent?

Mr. RAFTER. Yes, sir.

Senator WATSON. Do you propose any other percentage in lieu thereof, or do you desire to strike it out altogether?

Mr. RAFTER. To strike it out altogether. I see no reason for the inclusion of any arbitrary limit which would place a wholly fictitious value on imports coming from foreign countries.

Senator SIMMONS. I think that document which the witness has presented ought to be printed as a part of his statement.

The CHAIRMAN. I think it is a document of interest. If there is no objection the document will be printed as a part of your statement, Mr. Rafter, and I hope that you will take occasion, before you leave town, to revise the galley proof of your statement and see that it is correct for the final print.

Mr. RAFTER. I shall try to do so.

The CHAIRMAN. It has to be done promptly, you know.

Mr. RAFTER. Yes, sir.

(The documents referred to will be found at the end of Mr. Rafter's statement.)

Not only have we the exhibits which I have referred to, but I want to direct the attention of the committee to the fact that those statements are verified by official reports. I refer particularly to a report by the United States appraiser at the port of New York made in answer to a questionnaire submitted by the Merchants' Association for use at the hearings before the Committee on Ways and Means of the House.

The CHAIRMAN. What is the date of that report?

Mr. RAFTER. I have not the date of the report, sir, but it was published in the hearings of February 15 of this year.

Senator WATSON. Was this all published in the Ways and Means Committee's hearing?

Mr. RAFTER. Yes, sir; under date of February 15, 1921. The material part of the statement reads as follows:

Question 2a. Again, generally speaking, has the price of imported articles, when figured in foreign currency, kept pace with the depreciation in the value of that currency?

Answer. Generally speaking, the prices of imported articles have increased in the ratio that the foreign currency depreciated as compared with the United States dollar.

Then specific instances are given:

Linens from Germany have increased in value in marks over 1914 prices approximately 2,500 to 3,000 per cent. Depreciation in exchange during the same period is about 93 per cent. The present German prices converted at the approximate present exchange value of the mark approximates an increase of 58 per cent in United States gold over prewar prices in United States gold.

German chinaware selling before the war at 4 marks is now sold to the United States at \$2.50, and in the home market at 60 marks. Duty is assessed on the home market value which, converted into United States currency, approximates 96 cents. Therefore the selling price to the United States has increased 150 per cent over prewar prices, whereas the assessment of duty is approximately at the value prevailing before the war.

You will note that the foreign home values, as well as the export prices, have increased. In this particular case they increased fifteen times prewar prices, which is exactly in proportion to the depreciation of the German mark.

Senator McCUMBER. Are the home price and the export price the same?

Mr. RAFTER. The export price is higher. The export price is \$2.50. The home price is 60 marks, which would be equivalent to about 90 cents.

Cutlery from Germany has increased in value in marks over 1914 prices approximately 2,500 per cent. Depreciation in exchange during the same period is about 93 per cent. The present German prices converted at the approximate present exchange value of the mark averages an increase of 50 per cent in United States gold over prewar prices in United States gold.

Senator SIMMONS. How does the domestic price, the price in the German home market, compare with the export price?

Mr. RAFTER. You mean on cutlery?

Senator SIMMONS. Yes.

Mr. RAFTER. It is not given. I do not know what the difference is. I may say, though, that the tabulations I have prepared include items of cutlery, and you will there see the increases in the export prices.

One peculiar result of the measure which I am opposing to-day is that it imposes the greatest increases in duties on imports from those countries which are admittedly the poorest both financially and industrially. The amount of depreciation in a country's currency is a fair indication or reflection of the industrial and financial status of that country. Therefore, the lower the value of the currency the greater hardship will be worked by reason of the fixed limit of depreciation at 66⅔ per cent.

One of the Senators pointed out with regard to the discussion on dyestuffs which just preceded my remarks—

Senator SIMMONS. Let me ask you this: The American duty on those articles that you have just referred to from the countries that

you have just been speaking about is now really higher than the Payne-Aldrich duties were?

Mr. RAFTER. That is the effect in many cases, because of increased prices.

Senator SIMMONS. Take Germany, now, and Poland and Czechoslovakia, and the countries that you have mentioned a little while ago. They would suffer most and be most discriminated against. Are not the present duties upon the present basis and at the rate of the present law higher in percentage than the Payne-Aldrich rates?

Mr. RAFTER. In many cases they are, because of increased prices, purely.

Senator McCUMBER. But on the basis of an ad valorem duty they are not higher, are they?

Mr. RAFTER. No; the rates are lower.

A few moments ago the preceding speaker was asked about the possibility of indirect shipments of German dyestuffs to this country; that is, sales possibly to England first, and resales by England to the United States. If this currency valuation measure becomes law, that same situation, I predict, will apply to many other things besides dyestuffs. I may say that whenever an imported article is of a noncompetitive character and where there is a demand for it in this country, one of the natural results of the proposed measure will be to avoid direct importation from Germany of those articles and to buy them from some other country, from England or the Scandinavian countries, or elsewhere.

Senator WATSON. Why? Because of supposed prejudice in the United States against the German-made article?

Mr. RAFTER. No, sir; but because of the inordinate increase in duties which will be brought about by this measure. Importers will see very quickly that they can in this indirect way import to much better advantage, whereas, under the measure direct importations will be impossible.

Senator SIMMONS. If that be so, if this bill becomes a law it would be an easy matter to evade it altogether?

Mr. RAFTER. I had not thought of it as an evasion, sir. I thought of it as a legitimate commercial transaction.

The CHAIRMAN. It is legitimate.

Mr. RAFTER. We would find England and other countries selling goods of German origin to us which we formerly bought from Germany direct.

The CHAIRMAN. There is nothing wrong about it.

Senator WATSON. Then they would naturally sell to some countries for reshipment to this country where there is no currency disturbance.

Mr. RAFTER. Yes, sir; that is true.

Senator SIMMONS. And the act would be ineffective?

Mr. RAFTER. It would be ineffective in the case of those articles which could be brought in at the slightly increased cost which an indirect shipment would imply, but still at a very much lower cost than would be incurred on direct importations under the measure I am speaking of.

It seems to me to be a poor business proposition not only for an individual but equally for a nation to buy commodities through a middleman instead of direct from the producer. The extra expense of the transaction would naturally be borne by the consumer.

With regard to the suggestion of discrimination between countries because of this measure, I am not prepared to say whether there would be any interference with existing treaties. It seems altogether likely, though, that the measure will be just as objectionable as though higher rates were provided for certain countries only. In that connection it must be remembered that in enacting this provision fixing an arbitrary value on foreign currencies it is known in advance that certain countries only will be affected and just which countries. The approximate amount or extent to which they will be affected is also known.

I shall not dwell on the effect of the measure on our export trade with the countries affected, because that is an obvious proposition to all of you gentlemen. The effect on our merchant marine also will be quite marked, I am sure.

In that connection I recently read a report of the National City Co. showing the volume of our export trade with Germany alone. Unfortunately I did not keep it, but as I recall the figures for the year 1920, the total export trade was approximately \$350,000,000. The statement was made that it was the largest export trade which this country had with Germany for many years past.

The statement went on to describe how in the harbors of Germany to-day the American flag on merchant vessels was in far greater evidence than the flag of any other country.

I assume that the situation will rapidly change if we, in a substantial way, as a result of section 214, discriminate against Germany in the matter of duties on her exports to us.

There is just one other word I want to say. While the purpose of this measure is obviously to protect American products and will undoubtedly be accomplished as to imports from the poorer countries, the proposed law will not touch in any way the stronger countries against whom there is far greater need for protection.

The CHAIRMAN. That has been fully stated.

Mr. RAFTER. Yes. And that is notably so in the case of Japan.

Senator McCUMBER. You would not regard it as being much of a protection either, would you, if the same goods can be shipped through some of these other countries?

Mr. RAFTER. It would be to a small extent an additional protection because of an increased cost, due to slightly greater freight charges and the middleman's profit.

In conclusion, if this measure is to become law I earnestly request that it be modified so as to except from its operation those goods which are in bonded warehouse at the time of the passage of the bill; also those goods which were shipped from the foreign countries before the passage of the bill; and last, merchandise bought under contract but not delivered before the law takes effect. This is a reasonable request, as the proposed change in the law is not one of those ordinary hazards of tariff making which importers are supposed to anticipate.

(The summary of information submitted by Mr. Rafter is as follows:)

SUMMARY OF INFORMATION, WITH EXHIBITS, IN RE EFFECT OF CURRENCY VALUATION MEASURE.

[Sec. 214, Title II, antidumping bill, H. R. 2435.]

John R. Rafter, 34 Pine Street, New York, N. Y., and Carl W. Stern, 24 State Street, New York, N. Y., appearing for Gimbel Bros., New York, department store; Cohn & Rosenberger (Inc.), New York, beads and imitation jewelry; Wimmelbacher & Rice, New York, fabric gloves; N. J. Richman Co., New York, embroidered linens; Mekelburg Specialty Co., New York, toy souvenirs and favors; I. Goldberg, New York, feathers and artificial flowers; Rothschild Bros. & Co., New York, buttons; A. J. Hague & Co., New York, toys; Naday & Fleischer, New York, dress fabrics and trimmings; D. G. Dery, New York, silk manufacturer; Max Mandel Laces (Inc.), New York, laces; Griffon Cutlery Works, New York, cutlery; Robert Reiner (Inc.), Weehawken, N. J., textile machines and accessories; and the Lace & Embroider Association of America (Inc.), New York.

EFFECT OF SECTION 214 OF ANTIDUMPING BILL ON IMPORTS FROM VARIOUS FOREIGN COUNTRIES.

TABLE I.—Countries whose currencies have not depreciated 66⅔ per cent from the metal value of their standard coins and whose exports to the United States will consequently not be affected by section 214.

Country.	Monetary unit.	Standard metal value.	To-day's actual value.	Conversion value under sec. 214.
Belgium ¹	Franc.....	\$0.193	\$0.073	\$0.073
Canada.....	Dollar.....	1.000	.885	.885
Chile ¹	Peso.....	.365	.128	.128
Cuba.....	Pillar.....	1.000	1.000	1.000
Denmark.....	Franc.....	.268	.180	.180
France ¹	Franc.....	.193	.072	.072
Great Britain.....	Pound.....	4.867	3.925	3.925
Greece ¹	Drachma.....	.193	.068	.068
Holland.....	Guilder.....	.402	.347	.347
Japan.....	Yen.....	.498	.485	.485
Norway.....	Franc.....	.268	.159	.159
Peru.....	Sol.....	4.867	3.530	3.530
Spain.....	Peseta.....	.193	.138	.138
Sweden.....	Krona.....	.268	.236	.236
Switzerland.....	Franc.....	.193	.173	.173

¹ Currencies of these countries are just above the two-thirds limit of depreciation provided for.

TABLE II.—Countries whose currencies have depreciated more than 66⅔ per cent from the metal value of their standard coins, and whose exports to the United States will consequently be charged with increased duties because of section 214.

Country.	Monetary unit.	Standard metal value.	To-day's actual value.	Conversion value under section 214.
Austria.....	Schilling.....	\$0.203	\$0.003	\$0.068
Brazil.....	Reis.....	.348	.138	.180
Finland.....	Mark.....	.193	.023	.064
Germany.....	Mark.....	.238	.016	.080
Hungary.....	Corone.....	.203	.004	.068
Italy.....	Lira.....	.193	.047	.064
Paraguay.....	Peso.....	.965	.050	.320
Portugal.....	Escudo.....	1.081	.090	.360
Rumania.....	Leu.....	.193	.016	.064
Russia.....	Ruble.....	.515	.004	.172
Serbia.....	Dinar.....	.193	.020	.064

TABLE III.—Countries whose currency values under section 214 will be uncertain.

Country.	Monetary unit.	Par value.	To-day's actual value.	Conversion value under sec. 214.
Czechoslovakia.....	Crown.....	\$0.203	\$0.014	(¹)
Jugoslavia.....	do.....	.203	.007	(¹)
Poland.....	Mark.....	.238	.0013	(¹)
Argentine Republic.....	Gold peso.....	.965	1.390	(¹)
Do.....	Paper peso.....	.423	.315	(¹)

¹ Uncertain.

TABLE IV.—Increases in duty on imports from countries affected by section 214.

	Per cent.		Per cent.
Brazil.....	30	Germany.....	400
Italy.....	36	Paraguay.....	540
Serbia.....	121	Hungary.....	1,600
Finland.....	180	Austria.....	2,100
Rumania.....	300	Russia.....	4,200
Portugal.....	300		

NOTE.—If Czechoslovakia, Jugoslavia, and Poland, listed as uncertain, are affected by section 214, the increase in duties on imports from those countries will be 386 per cent, 870 per cent, and 6,000 per cent, respectively.

Summary of prewar and present prices on imports from countries affected by sec. 214, as per attached exhibits.

FROM MADEIRA, PORTUGAL.

Merchandise.	Prewar price.	Present price.	Dollar equivalents.		
			Prewar.	Present.	Under sec. 214.
Napkins.....	Escudo. 1.00	Escudo. 12.31	\$1.08	\$1.11	\$5.55

FROM CZECHOSLOVAKIA.

	Kronen.	Kronen.			
Toy necklaces.....	1.20	22.50	\$0.24	\$0.31	\$1.55

FROM GERMANY.

	Marks.	Marks.			
Fabric gloves.....	9.00	500.00	\$2.14	\$8.00	\$40.00
Imitation pearl beads.....	17.50	370.00	4.17	5.92	29.60
Laces:					
Item 397.....	1.47	40.00	.35	.64	3.20
Item 274.....	1.73	43.20	.41	.69	3.45
Item 66651.....	.21	6.90	.05	.11	.55
Item 66651.....	.22	6.90	.05	.11	.55
Item 66653.....	.21	6.90	.05	.11	.55
Item 66657.....	.22	6.90	.05	.11	.55
Toy souvenirs:					
Glass penholders.....	.75	15.00	.18	.24	1.20
Toy crayons.....	.80	16.50	.19	.26	1.30
Bird warblers.....	2.50	65.00	.60	1.04	5.20
Toy dinner sets.....	1.45	18.00	.35	.29	1.45
Paper toys.....	.50	10.50	.12	.17	.85
Artificial flowers.....	1.75	23.50	.44	.46	2.30
Textile machines:					
10-yard embroidery machine, with panto-graph.....	6,450.00	108,000.00	1,600.00	1,728.00	\$,640.00
10-yard embroidery machine, with automat.....	10,435.00	150,000.00	2,550.00	2,400.00	12,000.00
15-yard embroidery machine, with automat.....	13,765.00	200,000.00	3,400.00	3,200.00	16,000.00

Summary of prewar and present prices on imports from countries affected by sec. 214, as per attached exhibits—Continued.

FROM GERMANY—Continued.

Merchandise.	Prewar price.	Present price.	Dollar equivalents.		
			Prewar.	Present.	Under sec. 214.
Textile machines—Continued.	<i>Marks.</i>	<i>Marks.</i>			
Attachment automat.....	4,065.00	60,000.00	\$1,000.00	\$960.00	\$4,800.00
Repeating machine.....	1,000.00	15,000.00	238.00	240.00	1,200.00
Punching machine.....	5,150.00	69,000.00	1,300.00	1,100.00	5,500.00
Bobbin machine.....	400.00	9,000.00	100.00	144.00	720.00
Milanese machine.....	8,000.00	123,000.00	2,000.00	1,968.00	9,840.00
Hosiery machine.....	15,000.00	232,800.00	3,750.00	3,724.00	18,620.00
Needles.....	.47	12.00	.11	.19	.95
Toy puzzle, item 41.....	1.70	61.00	.41	.98	4.90
Collar buttons, item 29.....	.72	36.00	.17	.58	3.80
Harmonica, item 225.....	.75	24.00	.18	.38	1.80
Hosiery:					
Item 860.....	7.25	118.00	1.81	1.89	9.45
Item 873.....	8.20	139.50	2.05	2.22	11.10
Mechanical train, item 902.....	21.50	378.00	5.37	6.05	30.25
Cutlery:					
Steel manicure scissors, item 824.....	5.60	97.75	1.40	1.56	7.80
Razor, item 9560.....	11.50	205.00	2.87	3.28	16.40
Pocket knife, item 8229.....	2.40	71.10	.60	1.14	5.70

FROM CZECHOSLOVAKIA.

Jet dress buttons:	<i>Kronen.</i>	<i>Kronen.</i>			
Item 5924/30.....	1.40	28.00	\$0.28	\$0.39	\$1.95
Item 5922/30.....	1.50	24.00	.30	.34	1.70

The attached papers are submitted as exhibits showing comparisons between prewar and present prices of imports from low-currency countries affected by section 214.

NEW YORK, April 20, 1921.

Mr. CARL STERN,

Care of M. J. Corbett & Co., 24 State Street, New York City.

DEAR SIR: We herewith beg to hand you sample of our napkin No. 2029, plain rose scallop, which is the most important item in our line. In fact, the whole line is based on the price of the plain rose scalloped napkin, as far as selling is concerned.

In 1914 the price of this napkin per dozen, including linen and labor, was 1 escudo. To-day the price of this napkin, including linen and labor, is escudo 12.31. The prices on other articles in the balance of the line are in the same proportion.

Yours, very truly,

N. J. RICHMAN CO.,
Per LEO ELLISON.

Mekelburg Specialty Co. manufacturers and importers of confectioner's novelties, 9-11-13 Walker Street, New York.

Glass penholders (manufacturer, Elias Greiner Vettersohn):	<i>Marks.</i>
May 25, 1914..... per gross..	0.75
Feb. 1, 1921..... do.....	15.00
Toy crayons (manufacturer, Saalheimer & Strauss):	
June 10, 1914..... per gross..	.80
Feb. 5, 1921..... do.....	16.50
Bird warblers (manufacturer, Richard Ernst):	
Dec. 10, 1913..... per mille..	2.50
Feb. 25, 1921..... do.....	65.00
Toy dinner sets (manufacturer, Saalheimer & Strauss):	
Apr. 9, 1914..... per gross..	1.45
Jan. 11, 1921..... do.....	18.00

Toy necklaces (manufacturer, Alexander Roniger, Czechoslovakia):	Kronen.
Nov. 7, 1913.....	per gross... 1. 20
Feb. 2, 1921.....	do... 22. 50
Paper toys (manufacturer, Schwager & Steinlein):	Marks.
Oct. 31, 1913.....	per gross... . 50
Mar. 14, 1921.....	do... 10. 50

NEW YORK, April 18, 1921.

Mr. CARL STERN,
Care of M. J. Corbett & Co., 24 State Street, New York City.

DEAR SIR: Agreeable to our conversation over the telephone, we are inclosing herewith a copy of the letter which we are sending to various Senators and Representatives in Washington.

Yours, truly,

WIMELBACHER & RICE,
REINECKE, JR.

NEW YORK, April 18, 1921.

Supplementing our letter of the 16th instant, and in regard to the subject matter contained therein concerning the dutiable value of cotton gloves at the present market value and at the current rate of exchange, we desire to call your attention to the very important fact that the Government is receiving a far greater duty revenue under present conditions than it did in prewar times on the identical glove, when the duty value of the mark was figured on the standard basis of 23.8.

For example, the glove quoted in our previous letter, the present market value of which abroad is 500 marks, pays, at the current rate of exchange 1.60, 35 per cent duty on \$8, which duty amounts to \$2.80 per dozen.

In prewar times the market value of this same glove was 9 marks per dozen and at the standard rate of exchange, 23.8 per mark, the duty value amounted to \$2.142 per dozen and the amount of duty collectible at 35 per cent amounted to 74.97 cents per dozen.

Therefore, the Government is, under present conditions, collecting \$2.80 per dozen duty on the same article on which it collected 74.97 cents duty in prewar times.

The revenue to the Government on this article under prevailing conditions is consequently nearly four times as great as it was in prewar times.

We feel that these important facts should receive the very serious consideration of the United States Senate, in view of the probability of the entire abandonment of importations of goods of the character in question under the arbitrarily fixed rate of exchange, and the consequent loss to the Government of considerable revenue from this source.

Respectfully, yours,

NEW YORK, April 18, 1921.

Mr. CARL STERN,
Care of M. J. Corbett Co., 24 State Street, City.

DEAR MR. STERN: As per your conversation with Mr. Rosenberger, I am sending you by bearer sample bunch of pearl beads which we are running in our line to-day and which we also ran in our line before the war.

These beads are purchased from Heinrich Heinz, of Geiersthal, Germany, and I am giving you specific dates of invoices from both prewar times and also recent purchases.

On invoice of June 18, 1914, this exact pearl of the same graduation cost us marks 17.50 per dozen strings; and on an invoice of September 15, 1920, we were charged for this same item marks 370 per dozen strings.

Very truly, yours,

JEROME H. OPPENHEIM CO.
COHN & ROSENBERGER (INC.).

NEW YORK, April 20, 1921.

Mr. LEONARD KLAUBER,
Care of Lace and Embroidery Association, New York City.

DEAR MR. KLAUBER: As per conversation, I am herewith submitting samples of a few numbers with comparative prices:

No. 397 we imported recently at a cost of 40 marks net per gross. During and previous to 1913 we purchased this same number at 1.50 marks per gross less 2 per cent.

—No. 274/1 we imported recently at 45 marks, less 4 per cent per gross. During and previous to 1913 we imported this at a cost of 1.80 marks per gross less 4 per cent.

Sorry that we can not give you any other numbers for comparison, but trust that these will help you a little.

Sincerely, yours,

ABE STERN.

New York, April 20, 1921.

Mr. LEONARD KLAUBER,

Care of Lace and Embroidery Association of America,
160 Fifth Avenue, New York City.

DEAR LEONARD: As per your request I enclose herewith samples of four patterns of Plauen Venises marked with costs before and after the war.

Hoping they will be of service, I am,

Yours sincerely,

BRUNO FALK.

ENCLOSURES FROM KROWER-TYNBERG CO. (INC.).

Sample No. 66651. Bought in 1914 at 21 pfennigs; bought at 6.90 marks in 1920.

Sample No. 66654. Bought in 1914 at 22 pfennigs; bought at 6.90 marks in 1920.

Sample No. 66655. Bought in 1914 at 21 pfennigs; bought at 6.90 marks in 1920.

Sample No. 66657. Bought in 1914 at 22 pfennigs; bought at 6.90 marks in 1920

New York, April 21, 1921.

M. J. CORBETT & Co.,

New York City.

Attention Mr. Carl Stern.

DEAR SIR: I herewith inclose a sample of flowers to testify that in 1913 and 1914 we bought this kind of merchandise from Paul Klemm, Sebnitzsachsen, Germany, at 1.75 marks per dozen, and for which we now pay 28.50 marks per dozen.

Very truly, yours,

I. GOLDBERG.

WEEHAWKEN, N. J., April 20, 1921.

Mr. CARL W. STERN;

24 State Street, New York City.

DEAR Mr. STERN: Just received your letter of the 19th and send you herewith, a schedule of the different prices of our machines in 1914 and 1921.

The German mark in 1914 was worth 23.8 cents whereas the mark to-day is worth about 1.60 cents, but as you see from the difference in the prices of the machines and parts, they increased in value 10 and 15 times.

You also have to take into consideration whenever the mark raises in Germany, the price of the merchandise raises accordingly. You no doubt understand our position; the embroidery machines which we handle are not manufactured in this country; we are under contract to deliver more than 100 machines at fixed prices and you can readily understand the position we would be placed in, if the duty is increased 500 per cent. It would stop imports immediately from the other side, besides it would be a hardship on our customers who depend entirely on us to fill their wants for embroidery machines.

We hope in hand of the inclosed schedule, you are able to argue your case successfully and that the bill will not go through.

I will anxiously look forward to hearing from you upon your return from Washington.

Wishing you success,

Very truly, yours,

ROBERT REINER (INC.),
REINER, President.

Type of machine.	Purchase prices.	
	1914	1921
	<i>Marks.</i>	<i>Marks.</i>
10-yard 4/4 machine, with Pantograph.....	6,450	108,000
10-yard 4/4 machine, with Automat.....	10,435	150,000
15-yard 4/4 machine, with Automat.....	13,785	200,000
Attachment Automat.....	4,065	60,000
Repeating machine.....	1,000	15,000
Punching machine.....	5,150	69,000
Bobbin machine.....	400	9,000
Milanese machines.....	8,000	123,000
Hosiery machines (1,400 per cent increase).....	15,000	232,800

Prices for machine parts increased on an average since 1914 about 1,500 to 1,800 percent. Needles and other accessories formerly bought at 47 pfennigs a dozen cost to-day 12 marks.

NEW YORK, April 21, 1921.

Messrs. M. J. CORBETT & Co.,
24 State Street, New York.

Attention, Mr. Stern.

GENTLEMEN: We are sending you samples of a harmonica, some collar buttons, and a puzzle mirror. We are giving the prices on each of these, bought in 1913-14, and the present-day cost prices in German marks, and other data.

Article.	Cost, in marks, per gross.		Cost, in cents, per gross.		Duty, in cents.		
	1913-14.	To-day.	1913-14. ¹	To-day. ²	1913-14.	Present.	Increase.
No. 4.....	1.70	61	40.8	97.6	14	34	20
No. 29.....	.72	36	17.0	57.6	5	10	5
No. 225 ³.....	.75	24	18.0	38.0	6.3	13.3	7

¹ Exchange at 24 cents to the mark.

² Mark at 1.6 cents.

³ By the dozen, instead of gross.

In reference to the cheap agate buttons referred to on the phone, we find that these were invoiced in francs; therefore we are not sending sample.

We trust with these few samples they will enable you to present the facts to the committee.

Of course, you know, we have many articles that are figured out in the same manner.

Very truly, yours,

A. J. HAGUE & Co. (Inc.).

NEW YORK, April 21, 1921

Mr. C. W. STERN,
Care of M. J. Corbett & Co.,
24 State Street, City.

DEAR MR. STERN: We inclose herewith copy of an invoice covering five cases of hosiery imported by us in June, 1915; also copy of an order dated October, 1919, for same numbers and from the same manufacturer. Would call your special attention to No. 860 and No. 873. In 1915, prices of these numbers were 7.25 marks and 8.20 marks per dozen; whereas in 1919 the prices quoted us were 118 marks and 139.50 marks.

Kindly return these documents as soon as they answer your purpose.

Very truly, yours,

GIMBEL BROS.,
P. J. McDERMOTT,
Manager Foreign Office.

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FRIEDRICH KIRCHEISEN,
To GIMBEL BROS.,
New

Case.	No.	Doz.		Prices with packing.	Prices without packing.		
13284	860	255	Ladies black & white hose: 84 9 94 10 104 37 76 89 44 84 1 dz. boxes	2.58 7.25 +	6.65 5% 1,848.75 92.45	657.90	
13285	860 860	45 207	Ladies black & white hose: 9 14 187 Ladies white & black hose: 29 63 72 35 6 1 dz. boxes.	2.58 7.25 7.25 +	6.65 6.65 1,500.75 1,848.75 92.40 5%	1,756.30 123.84 534.06	
13286	855	202 1/2	Ladies black & white hose.....30 60 72 33 7 1 dz. boxes	2.40 6.75 +	6.15 5% 1,366.85 68.35	486.00	
13287	873	153 50	Ladies black & white hose...23 49 50 30 Ladies white & black hose... 8 15 17 9 1/2	3.13 8.80 8.80 +	8.20 8.20 440.00 5% 89.30 1,780.40	478.89 156.50	
13288	560 560	100 50	Ladies black & white hose.....16 30 34 20 Ladies white & black hose..... 8 15 17 10	2.58 7.25 7.25 +	6.65 6.65 725.00 362.50 5% 1,087.50 54.40	1,697.10 258.00 129.00	
						1,033.10	
						7,541.35 12.50 10.00	
						7,563.85	

OCTOBER 28, 1919.

Ship to Gimbel Bros., New York, U. S. A.:
860/266. Black, sizes 8 $\frac{1}{2}$, 9 $\frac{1}{4}$, 10, 10 $\frac{1}{2}$; quantity, 10, 30, 35, 20, 5, 118.25 marks
per dozen.

860/266. One hundred dozen cordovan, same assortment, 118.25 marks per dozen.
February 1, 1920.

February 1, 1920.
860/266. One hundred dozen white, same assortment, 118.25 marks per dozen.
February 1, 1920.

873. Outsize as 366 O. sizes 9, 9½, 10, 10½; 100 dozen black, 5, 25, 40, 30, 139.50
marks per dozen. February 1, 1920.

873. Out size as 366 c/kg. \$.; 50 dozen cordovan, 3, 12, 20, 15, 139.50 marks per dozen. January 1, 1920.

873. Outsize as 366 W/4 S., 50 dozen white, 3, 12, 20, 15, 139.50 marks per dozen.
February 1, 1920.

Gimbel Bros. regular packing in gray boxes. Sizes stamped on heel—Gimbel Bros. on toe. Terms same as Philadelphia order.

MR. LEE ADAM GIMBEL.

DEAR SIR: The following facts relative to mark price of German merchandise is as follows:

The German manufacturers of toys last year, raised the price of his merchandise twenty times over what it was in prewar times. The reason for this being, that the value of the mark had gone down to \$0.01, and to meet this he raised his price 20 times.

When this merchandise landed us with duty paid, it was at least from 50 to 100 per cent higher in price than previous to the war. This year, I find that on account of the mark being worth close to \$0.02, the German manufacturer lowered the price of his merchandise slightly, so that the value, as landed in the United States, duty paid, would be a trifle less than last year.

The price of the merchandise in marks as purchased this year, would be ten or fifteen times more in marks than previous to the war, and when landed, duty paid, will be about 30 to 50 per cent higher in price than in 1914.

Mr. L. GIMBEL.

Below are the comparisons from firm of Gebr. Bing, Nurnberg, Germany, office Wurlitzer Building, care of John Bing, Forty-first Street and Broadway, New York.

Article.	No.	Price in marks, 1914.	Price in marks, 1921.
Mechanical train.....	902/00.....	21.50 per dozen.....	378 per dozen.
Do.....	1008/0.....	52.50 per dozen.....	840 per dozen.
Electric train.....	523/8/0.....	60 per dozen.....	780 per dozen.
Do.....	14/0.....	116.75 per dozen.....	1,212 per dozen.
Walking dog.....	260/11.....	18 per dozen.....	360 per dozen.
Ocean liner.....	155/332.....	11 per dozen.....	308 per dozen.
Ferry boat.....	505/10/2.....	65 per dozen.....	900 per dozen.
Moving-picture machine.....	22/40/2.....	20.55 per dozen.....	477 per dozen.
Bear on wheels.....	8.....	20.70 each.....	330 each.
St. Bernard dog.....	5.....	70.75 per dozen.....	1,260 per dozen.
Moving-picture machine.....	47/4.....	7.50 each.....	122.50 each.

S. W. ZRELICH,
Manager Toy Department.

NEW YORK, April 21, 1921.

Mr. STERN,

Care of M. J. Corbett & Co., New York City.

DEAR SIR: In harmony with your request, we hand you herewith samples of the following, and give you German cost of the various numbers in 1914 and present German cost:

No.	Article.	1914 German cost.	1921 German cost.
		Marks.	Marks.
9200	Cast manicure scissors.....	4.40	73.55
9204	Steel manicure scissors.....	5.60	97.75
9338	Cast ladies' scissors.....	2.10	57.20
9313	Steel ladies' scissors.....	4.90	94.15
9560	Razor.....	11.50	205.00
8270	Pocket knife.....	2.10	50.90
8229	.....do.....	2.40	71.10
2810	.....do.....	2.75	82.10
8099	Stag jackknife.....	2.40	97.10

I wish to state that I was personally in Solingen, Germany, from November 1 to December 1, 1920, and the above 1921 prices are those that were prevailing in Solingen and are the prices that are prevailing at the present time.

Very truly, yours,

GRIFFON CUTLERY WORKS,
By A. L. SILBERSTEN.

P. S.—You will find the numbers scratched on the blades.

New York, April 21, 1921.

Messrs. M. J. CORBETT & Co.
New York City.

Attention Mr. Stern.

GENTLEMEN: I am sending you inclosed samples and price list, showing you exactly what we paid for these buttons in the year 1914, and at what prices we could buy them this year according to the latest price list received from Gablonz, dated February 23, 1921. The goods are all coming from Mahla Bros.

Hoping you will have success, we remain,
Yours, very truly,

ROTHSCHILD BROS. & Co.

Statement showing prices of jet buttons from Bohemia.

Year.	Pattern.	18	22	30	36	42	50	56
1914.....	5924	\$0.85	\$0.94	\$1.40	\$2.00	\$2.25	\$3.15	\$4.40
Feb. 23, 1921.....	5924	12.85	18.00	28.00	39.00	53.00	70.00	92.00
1914.....	5922		1.00	1.50		2.70	3.80	5.50
Feb. 23, 1921.....	5922		11.60	24.00		47.50	64.00	84.00

Terms net 3 per cent for cash.

New York, April 21, 1921.

Mr. CARL W. STERN,
24 State Street, New York City.

In re section 25, H. R. 2435.

DEAR SIR: We give you herewith samples of certain Barmen (Germany) beading edges, and the cost in 1913 in Germany, together with the duty thereon based on the then cost; as also the cost in 1921 and the duty upon said cost.

Beading, lot A, imported from Barmen.

Year.	Cost.	Duty.
	Marks.	
1913.....	7.35	\$1.05
1921.....	156.60	1.50

We also give you a similar sample as to the fine torchon edges:

Fine torchon, lot B, imported from Barmen.

Year.	Cost.	Duty.
	Marks.	
1913.....	15.00	\$2.14
1921.....	265.00	2.54

Yours, very truly,

KLAUBER BROS. & Co.
L. E. KLAUBER, President.

New York, April 21, 1921.

Mr. CARL W. STERN,
New York City.

DEAR SIR: We give you herewith two samples of embroideries, which goods were manufactured in Plauen (Germany) and are also manufactured in St. Gall (Switzerland).

In column 1 we give you the landed cost of these goods when imported from St. Gall, Switzerland, based on the present rate of exchange.

In column 2 we give you the landed cost of these goods when imported from Plauen, Germany, based on the present rate of exchange.

In column 3 we indicate what these goods would cost to land if purchased in Germany at the present rate of exchange and duty is paid in accordance with the provision of section 25, H. R. 2435, namely: On a depreciation not greater than 66 $\frac{2}{3}$ per cent, or approximately 8 cents to the mark.

	Column 1.	Column 2.	Column 3.
	Cents.	Cents.	Cents.
Pattern No. 18703.....	8 $\frac{1}{2}$	9 $\frac{1}{2}$	24 $\frac{1}{2}$
Pattern No. 18704.....	10 $\frac{1}{2}$	10 $\frac{1}{2}$	27 $\frac{1}{2}$

whereas the cost of these goods manufactured in this market is less than half the figures represented in column 3.

Yours, very truly,

KLAUBER BROS. & Co.,
P. E. KLAUBER, *President*.

[Max Mandel, Laces (Inc.), 19-27 West Twenty-first Street, New York.]

Prices per gross yards.

5154. Imported in 1914; 8.50 marks; discount, 5 per cent; duty, 60 per cent; landing.....	\$3.26
Imported in 1921; 211.50 marks; discount, 5 per cent; duty, 60 per cent; landing.....	5.50
If imported and landed at 8 cents the mark, it would cost.....	13.57
5156. Imported in 1914; 13.50 marks; discount, 5 per cent; duty, 60 per cent; landing.....	5.18
Imported in 1921; 315 marks; discount, 5 per cent; duty, 60 per cent; landing.....	8.19
If imported and landed at 8 cents the mark, it would cost.....	20.22
5144. Imported in 1914; 7.50 marks; discount, 5 per cent; duty, 60 per cent; landing.....	2.88
Imported in 1921; 225 marks; discount, 5 per cent; duty, 60 per cent; landing.....	5.85
If imported and landed at 8 cents the mark, it would cost.....	14.44
5146. Imported in 1914; 10.50 marks; discount, 5 per cent; duty, 60 per cent; landing.....	4.00
Imported in 1921; 342 marks; discount, 5 per cent; duty, 60 per cent; landing.....	8.90
If imported and landed at 8 cents the mark, it would cost.....	21.95
4134. Imported in 1914; 13.50 marks; discount, 5 per cent; duty, 60 per cent; landing.....	5.18
Imported in 1921; 337.50 marks; discount, 5 per cent; duty, 60 per cent; landing.....	8.78
If imported and landed at 8 cents the mark, it would cost.....	21.67
4135. Imported in 1914; 17 marks; discount, 5 per cent; duty, 60 per cent; landing.....	6.53
Imported in 1921; 405 marks; discount, 5 per cent; duty, 60 per cent; landing.....	10.53
If imported and landed at 8 cents the mark, it would cost.....	26.00
5069. Imported in 1914; 9.25 marks; discount, 5 per cent; duty, 60 per cent; landing.....	3.55
Imported in 1921; 232 marks; discount, 5 per cent; duty, 60 per cent; landing.....	6.03
If imported and landed at 8 cents the mark, it would cost.....	14.88
5070. Imported in 1914; 9.25 marks; discount, 5 per cent; duty, 60 per cent; landing.....	3.55
Imported in 1921; 232 marks; discount, 5 per cent; duty, 60 per cent; landing.....	6.03
If imported and landed at 8 cents the mark, it would cost.....	14.88

24510/9. Imported in 1914; 10 marks; discount, 5 per cent; duty, 60 per cent; landing.....	\$3.84
Imported in 1921; 20.60 marks; discount, 5 per cent; duty, 60 per cent; landing.....	5.24
If imported and landed at 8 cents the mark, it would cost.....	12.95
5007. Imported in 1914; 21.24 marks; discount, 5 per cent; duty, 60 per cent; landing.....	8.18
Imported in 1921; 375 marks; discount, 5 per cent; duty, 60 per cent; landing.....	9.75
If imported and landed at 8 cents the mark, it would cost.....	24.08
5008. Imported in 1914; 30.84 marks; discount, 5 per cent; duty, 60 per cent; landing.....	11.84
Imported in 1921; 450 marks; discount, 5 per cent; duty, 60 per cent; landing.....	11.70
If imported and landed at 8 cents the mark, it would cost.....	27.69
5044. Imported in 1914; 39 marks; discount, 5 per cent; duty, 60 per cent; landing.....	14.98
Imported in 1921; 967.30 marks; discount, 5 per cent; duty, 60 per cent; landing.....	25.15
If imported and landed at 8 cents the mark, it would cost.....	62.12

The CHAIRMAN. Is that all, Mr. Rafter?

Mr. RAFTER. Yes, sir.

Senator WATSON. I move that the committee rise until to-morrow morning at 10.30 o'clock.

The CHAIRMAN. The committee, on motion of Senator Watson, will stand adjourned until to-morrow morning at 10.30 o'clock.

(Whereupon, at 1.15 o'clock p. m., the committee adjourned until to-morrow, Saturday, April 23, 1921, at 10.30 o'clock a. m.)

EMERGENCY TARIFF AND ANTIDUMPING.

SAURDAY, APRIL 23, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met pursuant to adjournment, at 10.30 o'clock a. m., in room 310, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Curtis, Watson, and Simmons.

The CHAIRMAN. The committee will come to order. A quorum being present, the committee will proceed to hear Mr. B. A. Levett, of New York, who has been introduced to the chairman of the committee by Senator Calkins.

STATEMENT BY MR. B. A. LEVETT, OF NEW YORK.

The CHAIRMAN. Mr. Levett, will you state to the committee where you reside?

Mr. LEVETT. I am a resident of New York.

The CHAIRMAN. What is your business?

Mr. LEVETT. I am an attorney at law.

The CHAIRMAN. Whom do you represent?

Mr. LEVETT. I am the chairman of the committee on customs service and revenue law of the Merchants' Association of New York. This is an organization as its name indicates, composed of merchants. It represents 2,100 American manufacturers and 700 importers. We have upwards of 6,000 members. The rest of them are composed of professional men, banks, etc.

The CHAIRMAN. What is that pamphlet from which you are reading?

Mr. LEVETT. This is a part of the brief that I presented before the Ways and Means Committee, but it needs considerable revision.

The CHAIRMAN. Is it on this same subject?

Mr. LEVETT. It is on the subject of general recommendation and administrative matters and also on the American selling price and on the dumping bill.

The CHAIRMAN. What are you going to address yourself to now?

Mr. LEVETT. I was going to speak with reference to the anti-dumping bill, particularly as to the accountancy provision, but on that I shall not say so much because it has been pretty well covered.

The CHAIRMAN. Are you covering ground that has been already covered before the Ways and Means Committee?

Mr. LEVETT. Not on that point.

The CHAIRMAN. Well, do not cover anything that has already been covered, and make your statement as brief as you can.

Mr. LEVETT. I would like to state that the Merchants' Association has affiliations throughout the country. We have never made any

recommendations as to rates, but we have since the McKinley bill, when we were invited by Mr. McKinley to present our views, considered that we had a right to present our views as to the administrative features of the law, having in mind the three parties in interest, the Government, the domestic manufacturers, and the importers.

The CHAIRMAN. Was that association in existence at the time of the enactment of the McKinley law?

Mr. LEVETT. Yes, sir; and Mr. McKinley invited us to present our views.

The CHAIRMAN. Were you their attorney at that time?

Mr. LEVETT. No, sir; I was not. Really, I am not their attorney; I am chairman of this committee. Personally I have been interested in the customs matters since 1897, when I was detailed down here to the Government service with Senator Aldrich. I had the pleasure of meeting you then, Mr. Chairman. Since then I have been connected with the Board of General Appraisers as Government attorney, and have represented both manufacturers and importers.

The Merchants' Association has no interest whatever except, as I say, for the good of the United States Government, looking at the administrative clauses as they affect the three parties.

Without going into the details as to the currency proposition, I would like to express the Merchants' Association's disapproval of the provision as it appears. That matter came up before the board of directors, which, I might state, has on it two-thirds as many domestic manufacturers as it has importers. We believe that will be a very unwise provision.

Senator CURTIS. You mean the America valuation?

Mr. LEVETT. No; I am speaking of the currency provision as to the depreciation. The facts brought out by Mr. Doherty and others yesterday are facts that I wanted to touch upon, but they were so fully covered I will simply say that they are exactly what we ascertained in our investigation.

I might present the original letter, which was referred to yesterday, addressed by Mr. J. K. Sagne, appraiser of the port of New York, to Mr. S. C. Mead, secretary of the merchants' association. That letter is in response to a communication we addressed to the appraiser, inquiring whether the value of imports in United States gold had increased since 1914, and whether the Government was getting more duty than it was at that time. The letter has been previously referred to and part of it read.

The CHAIRMAN. Do you want to insert it in the record?

Mr. LEVETT. I thought possibly the committee would like to have the original letter.

The CHAIRMAN. It will be inserted as a part of your remarks.

(The letter above referred to is as follows:)

TREASURY DEPARTMENT,
UNITED STATES CUSTOMS SERVICE,
New York, N. Y., February 4, 1921.

Mr. S. C. MEAD,
Secretary the Merchants' Association of New York,
223 Broadway, New York, N. Y.

SIR: Answering your letter of the 31st ultimo, submitting certain questions which you desire to be answered as specifically as possible, in order that your association may intelligently discuss matters pertaining to change in basis of valuation to Ameri-

can selling price and antidumping provisions with the Ways and Means Committee at their request, you are advised that the replies of this office to the submitted questions can only be in a very general way. Specific illustrations may be cited to show a wrong conclusion, but my reply represents a conclusion reached from the general conditions.

Question 1. Have the invoices coming under your observation at the port of New York during—say, the past year indicated that, generally speaking, the export price is appreciably different from the home consumption price—the value returned by you for dutiable purposes?

Answer. Generally speaking, home consumption prices are not lower than export prices to the United States. In countries like Germany and Austria, where the currency of the country relatively is depreciated to much greater extent than the currency of other countries as compared with the United States dollar, the home consumption price usually is lower than the export price to the United States. Under normal conditions the home consumption price usually is higher than the export price to the United States.

Question 2A. Again, generally speaking, has the price of imported articles, when figured in foreign currency, kept pace with the depreciation in the value of that currency?

Answer. Generally speaking, the price of imported articles has increased in the ratio that the foreign currency depreciated as compared with the United States dollar.

Question 2B. In other words, has the depreciation in the foreign currencies resulted in decreased duties collected?

Answer. The depreciation of foreign currency may, in certain instances, decrease the duties collected. As, for illustration:

Certain cheeses from France have increased in value in French francs over 1914 prices approximately 550 per cent. Depreciation in exchange during the same period is about 66½ per cent. The present French prices converted at the approximate present exchange value of the French franc approximates an increase of 75 per cent in United States gold over prewar prices in United States gold.

Food products from Italy have increased in value in lire over 1914 prices approximately 600 per cent. Depreciation in exchange during the same period is about 75 per cent. The present Italian prices converted at the approximate present exchange of the lira approximates an increase of 80 per cent in United States gold over prewar prices in United States gold.

Linens from Germany have increased in value in marks over 1914 prices approximately 2,500 to 3,000 per cent. Depreciation in exchange during the same period is about 93 per cent. The present German prices converted at the approximate present exchange value of the mark approximates an increase of 58 per cent in United States gold over prewar prices in United States gold.

German chinaware selling before the war at 4 marks is now sold to the United States at \$2.50, and in the home market at 60 marks. Duty is assessed on the home market value which converted into United States currency approximates 96 cents. Therefore, the selling price to the United States has increased 150 per cent over prewar prices, whereas the assessment of duty is approximately at the value prevailing before the war.

Cutlery from Germany has increased in value in marks over 1914 prices approximately 2,500 per cent. Depreciation in exchange during the same period is about 93 per cent. The present German prices converted at the approximate present exchange value of the mark average an increase of 50 per cent in United States gold over prewar prices in United States gold.

If the exchange value in United States currency is lower upon the date of exportation than at the time of purchase, with no deliveries made at the higher asking price on the date of exportation, in such instances the appraised value is at the delivered or purchased price, which represents the market value as defined, when converted at the exchange rate prevailing on the date of exportation (certification) results in lower United States equivalent.

To illustrate: An article sold at 10 marks at a time when the mark is worth 2 cents; delivered at a time when the exchange value of the mark is 1 cent; quoted price for future delivery on date of delivery 20 marks. Appraisement being made on the basis of 10 marks conversion would be made at 1 cent rate of exchange prevailing on date of certification of consular invoice, accepted as date of exportation. Therefore, in such an instance the depreciation in the foreign currency resulted in decreased duties collected. But, to offset this an illustration might be made of instances where, after placing the contract, the exchange value of the currency appreciates. In such instances the Government would receive increased duties resulting from appreciation

in foreign currencies as compared with the exchange rate prevailing on date of purchase.

Question 3A: Generally speaking, has the value of the various imported articles, when figured in American gold, increased over the value prior to the war?

Question 3B: If so, to what extent?

Answer 3A: Generally speaking, yes.

Answer 3B: It is impossible to reply to this question. Note attached statement, which gives a few illustrations from which a general average can be drawn.

Question 4: As compared with the total goods passed through the port of New York, about what percentage of goods will you find it necessary to advance in value on appraisement?

Answer: A very small percentage. A great percentage of invoices are appraised at values other than the invoice values. No advance by the appraiser results as the importer, at the time of entry, added to his invoice values to make market value.

Respectfully,

J. K. SAGNE, *Appraiser*.

Mr. LEVETT. I would like also to refer to one point that I do not think was fully covered yesterday. A question was asked by one of the Senators as to why goods could not be invoiced in American currency. I have a concrete illustration, a matter that is now pending. Essential oils from Sicily are being imported quite largely, and they are invoiced on the dollar price. They are bought on the dollar price. The law provides that the invoice shall be made in the currency of purchase or in the currency of the country of exportation. The appraiser differed from the importers as to the principal market, the importers claiming that it was Sicily and the Government claiming it was Italy. It made a difference in the market value of about two lira per kilo, which would run probably from 3 per cent up to not more than 8 per cent. But the appraiser, under regulations, returned the merchandise in lira. The collector took the lira at the Government rate of exchange; that is to say, what they call the railway rate. So that these advances instead of being from 3 to 4 or 5 per cent, were figured out by the collector up to as high as 62 per cent, and on one entry alone the importers had to deposit something like \$14,000. I believe that the Treasury Department will issue instructions so that the conversion can be at the commercial rate and get the advance down to what it really should be. But that is an illustration of what may happen.

Senator McLEAN. Well, there is no question but what the courts, or the Chief Executive here, whoever he is, will rectify a manifest injustice of that kind.

Mr. LEVETT. It will not be done without some little fight.

Senator McLEAN. That may be true.

Mr. LEVETT. The collector at New York may refuse to do it.

Senator McLEAN. But you concede that it is an unwarranted assessment, do you not?

Mr. LEVETT. Undoubtedly; but if the appraiser should return these goods in marks, unquestionably that is what would happen, and then, of course, there would be no relief.

Senator McLEAN. I do not know that the courts would sustain any such act.

Mr. LEVETT. I think that is all I need say upon the question of the depreciation of currency, because that point has been fully covered.

Senator SIMMONS. Senator McLean, when you speak of the courts not sustaining the act what do you mean?

Senator McLEAN. I do not believe you would have any right to assess a duty upon imports from Germany, an ad valorem duty, five times the rates we do upon imports from England.

Senator SIMMONS. In other words, you think the bill as prepared by the House might be held as unconstitutional.

Senator McLEAN. I think it would violate our treaty agreements.

Senator SIMMONS. That is what I mean by "unconstitutional."

Senator McLEAN. Yes; I think it would, if what they claim here is true as to conditions. Of course, the importers are interested in giving to the committee evidences of as high a cost of production as possible.

Mr. LEVETT. Not the people I represent. I am representing the Merchants' Association, whose members have no interest at all.

Senator McLEAN. But you are interested in importations, as I understand it. It is not in line at all with the debates in the House as to the value of the goods there; it is not in line with the testimony given the committee by Senator McCumber and others who investigated this matter, to the effect that wages in Germany to-day are less than one-fourth what they are in this country, measured in gold. Now, I do not know about that. But there seems to be a wide difference of opinion. If the information given the committee yesterday with respect to the cost of producing goods is correct, then it seems to me we have to take that view when we consider the proviso.

Senator SIMMONS. I agree with you absolutely that if this bill in practical operation works out as the witnesses say it will—and I believe it will work out that way—the bill will violate our treaty obligations under the favored nation law. I do not think there could be any question about that.

Mr. LEVETT. I would like to make it plain on the record that the Merchants' Association is composed of three times as many American domestic manufacturers as importers. I do not appear here for the importers alone, but also for the domestic manufacturers. We simply examined the administrative features, and all our action has been passed upon by our board of directors, which, in turn, is composed of probably twice as many manufacturers as importers.

Senator McLEAN. You may be right. I am merely stating that the evidence given to this committee does not comport at all with the view taken by those who debated this question in the House. How much evidence the Ways and Means Committee took, I do not know, but they insisted that the rates under this bill would be lower than the Underwood tariff in the House. It was contested or disputed.

Senator SIMMONS. As a matter of fact, the Ways and Means Committee had no hearings on this bill at all.

Senator McLEAN. I do not know as to that.

Mr. LEVETT. I think they had not, Senator.

Senator SIMMONS. Mr. Levett, you said that you represented the manufacturers?

Mr. LEVETT. Yes, sir.

Senator SIMMONS. The manufacturers, then, do not believe this would be a workable or fair bill?

Mr. LEVETT. We have had protests against it from the manufacturers.

Senator SIMMONS. I am asking that because I have heard suggestions to the effect that only the importers were making such protests.

Mr. LEVETT. I can not speak for the manufacturers any more than I can for the importers. Our association is formed of manufacturers and importers. As it happens, we have three times as many manufacturers as we have importers in our membership.

Senator SMOOT. Do you want the proviso in section 25 eliminated?

Mr. LEVETT. I think it should be eliminated, and that is the view of the Merchants' Association.

Senator SMOOT. And that is the view of all the importers, too?

Mr. LEVETT. Yes, sir.

Senator SIMMONS. And part of the manufacturers?

Mr. LEVETT. And part of the manufacturers. May I suggest this, gentlemen, that the reason for the high prices in Germany may be due to the cost of material. We know that Germany was pretty well cleaned out. Germany has to buy her raw material in the depreciated currency. Germany has to buy from us, from France, from Switzerland, from Sweden, in the depreciated currency, and, naturally, they have to pay right up to the regular rate. The result is that their raw material is so high that they can not sell even while the labor is cheap.

Senator SIMMONS. There is a great deal in that. For instance, a cotton manufacturer in America can get his raw cotton here now for an average of 8 cents a pound. That same cotton, I believe, in Germany, would bring to-day 20 cents.

Mr. LEVETT. Well, take German razors. I know the facts about the situation because I was through the factories over there in the old days before the war. They made their razors from English steel. If they are buying English steel at the prevailing rate of exchange, of course, they are paying a high price for that steel, and they have to get it back. I think that is the reason the appraiser has reported to us in his letter of February 4, 1921, which is being inserted in the record, that "cutlery from Germany has increased in value in marks over 1914 prices approximately 2,500 per cent."

Senator SMOOT. Well, they get gold for the razors that they export and they pay that gold for the raw material.

Mr. LEVETT. Quite so, but when they pay that gold to the English they have to pay the high price. That is my understanding of it. I have not gone into that question at all, but I suggest that it might not be a bad field to look into. I think that will account for the fact that the German prices are high.

In looking into this matter, before we went into this question with the Ways and Means Committee, we took the precaution to write to the appraisers at New York, asking for figures as to whether the United States Government was getting more duty to-day in gold than it did before the war, and these were the answers that we got. I think on the dyestuffs it is different. I think there the export prices are away above the home-market value, and they are paying duty on the home-market value under the law, but as to practically everything else our information is that the home market value is pretty nearly the same as the export price, and in any case is very much higher than before the war. That is the point that led us to believe that this is an unfair and unwise proposition.

Senator SMOOT. Under an ad valorem duty, if the prices increase in a foreign country, of course, we would collect more money at the ports of entry.

Mr. LEVETT. Yes, sir.

The CHAIRMAN. Is that all, Mr. Levett?

Mr. LEVETT. I would like to say just a word on the antidumping bill as a general proposition. I am given to understand that the Senate will amend radically the bill as it came from the House. There are four points there that apply to antidumping generally to which I would like to refer. They are based on the Canadian antidumping bill. They have in that bill a provision limiting antidumping to goods which pay an ad valorem duty of not over 50 per cent. They have a limitation on the duty itself to 15 per cent. Then they have a working leeway of 33 per cent and then a provision that if the market price goes up at the time of exportation that shall not be taken into consideration. I think those four points ought to be considered in any antidumping legislation. Our information has been exactly what has been testified to before this committee, that there does not seem to be any need for antidumping legislation now; that if it is passed it will have practically little or nothing to apply to; but we believe it would be unwise to pass any such legislation at all at this time.

Senator LA FOLLETTE. Have you put into the record the figures that you were referring to when I came into the room?

Mr. LEVETT. Yes, sir, those are in the letter which I introduced.

Senator LA FOLLETTE. And the letter has gone in in connection with your remarks?

Mr. LEVETT. Yes, sir.

The CHAIRMAN. Is that all, Mr. Levett?

Mr. LEVETT. Yes, sir, I thank you.

STATEMENT BY MR. JOHN GIBLON DUFFY, COUNSEL FOR THE
THONET-WANNER CO. (INC.), NEW YORK.

The CHAIRMAN. Mr. Duffy, you are a counselor at law?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Who do you represent?

Mr. DUFFY. The Thonet-Wanner Co. of New York and J. & J. Kohn, of New York, both manufacturers of bent-wood furniture.

Senator CURTIS. Are they also importers?

Mr. DUFFY. I want to correct that. They are importers strictly; they are not manufacturers.

Senator DILLINGHAM. They are importers of what?

Mr. DUFFY. Bent-wood furniture.

The CHAIRMAN. Upon what point do you desire to address the committee?

Mr. DUFFY. I wish to say, Mr. Chairman, that since I was assigned my place on this calendar a telegram was received by Mr. Schmits, of the J. & J. Kohn Co., from yourself inviting him to appear here and have an opportunity to be heard.

I am not going over the ground that Mr. Schmits is going over. His ground will relate entirely to differentials between prewar prices and war prices. However, I would like to answer some things that

were referred to yesterday. Mr. Schmits, not having heard them, is not prepared to reply to them.

Mr. Rafter said, regarding the Czechoslovakian currency, that Czechoslovakia never having been on a metal basis, either silver or gold, which is the truth, he was very doubtful whether this objectionable provision with regard to the valuation of currency would apply to that country. Now, we dissent from that position entirely. Czechoslovakia is one of what they call the succession States, pieced off from the old Austro-Hungarian Empire, and her currency can not be detached from the Austro-Hungarian currency. The best evidence of that is the fact that the Director of the Mint, in his proclamations of valuations of currency, gives the value of the Austro-Hungarian crown at 20.26 cents.

Now, we anticipate—and I have spoken to the officials at New York about the application of the statute, if it be enacted—that by relation the Czechoslovakian crown will be treated as the old Austrian crown would have been treated, or rather, I should say, the Austro-Hungarian crown. The soundness of that view, I think, is incontestable. The Director of the Mint recognizes no dissolution of the Austro-Hungarian Empire.

Senator McCUMBER. He does not make a report for Czechoslovakia at all.

Mr. DUFFY. No, sir; nor Jugoslavia. He treats the Austro-Hungarian Empire and its currency as still existing.

Senator McCUMBER. Does the medium of exchange used there, the kronen, pass current between Austria now and Jugoslavia and those other countries?

Mr. DUFFY. I am not prepared to give positive information on that point, because Jugoslavia and the remnants of Austria are not friendly. I believe that there would be very little intercourse between the two countries. Czechoslovakia belongs to the Little Entente.

Senator McCUMBER. They can hardly escape, however, money passing from one to the other, if it passes that way.

Mr. DUFFY. That is a very natural assumption. The Austrian crown, however, is lower now than the Czechoslovakian crown, because back of Czechoslovakia are the allied and associated powers, and her currency, by reason of that relation, rests upon their support.

Senator SMOOT. She has her own currency?

Mr. DUFFY. She has her own currency, which is entirely paper. She has a small gold reserve, but so small as to form no basis whatever for the currency.

Senator WATSON. You do not mean that her currency is guaranteed by the allied and associated nations?

Mr. DUFFY. No, sir; she simply has their moral backing.

Senator WATSON. They are friendly?

Senator McCUMBER. Then, I can not understand your proposition that the Czechoslovakia currency will be given the same depreciation by the United States in its estimates that you give to the kronen of Austria.

Mr. DUFFY. The application of this law, whatever we are saying here, will make no difference when they come to apply it. What is an administrative officer to do except to follow this proclaimed list, which recognizes only one crown, the Austro-Hungarian crown; and a Czechoslovakian crown, notwithstanding the partition, is the lineal

descendent of the Austrian crown, and it will be treated as such when they come to apply this provision if it is enacted.

Senator McCUMBER. Notwithstanding the fact that it is actually worth very much more?

Mr. DUFFY. In exchange terms it is.

Senator McCUMBER. And still you think the Treasury Department would have no means of correcting that error because it is in the report of the officials?

Mr. DUFFY. The Director of the Mint. Let us see its practical operation. The director lays down 20.26 cents as the normal figure for the Austro-Hungarian crown. When the administrative officers come to a Czechoslovakia invoice they see kronen. They say that the normal value of that is 20.26. We will allow, no matter what the importer pays for the money, only one-third of that. We will take arbitrarily one-third of it and allow only two-thirds to meet depreciation. When you get to that one-third line on the bottom, it does not matter whether Czechoslovakia is 10 points or 20 points above Austro-Hungarian money. It all drops out of consideration if they take one-third of this 20.26 as their maximum allowance.

Senator McCUMBER. That is applying this proposed law. What I am trying to get at is whether to-day they regard the Czechoslovakia kronen of the same value in taking the invoice from Czechoslovakia that they would a like invoice coming from Austria-Hungary, measured in kronens.

Mr. DUFFY. They do not, sir. On Austrian shipments, after this long procedure under section 25, they allow the actual depreciation to be deducted in converting the invoice value.

With respect to Czechoslovakia, the Director of the Mint never having incorporated the crown of that country in his estimates, the Secretary of the Treasury has set schedules from week to week saying it is worth so much.

Senator WATSON. Why can he not incorporate the Czechoslovakian crown in his estimates? Why is he bound by that old rule you are laying down?

Mr. DUFFY. I think one thing that might hinder him from doing it is that we are not signatories of the treaty of Versailles, and we are technically at war with Austria.

Senator WATSON. Well, we are not at war with Czechoslovakia.

Mr. DUFFY. No, sir; we are not. That is something in the mechanics of the mind of the Director of the Mint that I can not answer.

Senator SMOOR. Supposing he had not put it in that list. Then it does not really follow that they would not take the actual value of the Czechoslovakian crown. There is nothing in that that would prevent them from doing that?

Mr. DUFFY. The provision under which this proclamation is issued has reference to coin value, meaning a piece of metal.

Senator SMOOR. But supposing they left out two or three others? That would not affect any action that may be taken at the custom-house of New York or Boston.

Mr. DUFFY. It has not so far.

Senator SMOOR. Well, it can not do it. That is not the law.

Senator WATSON. Senator, Mr. Walker says the reason they do not recognize the Czechoslovakian crown is that Czechoslovakia has as yet no standard at all.

Senator LA FOLLETTE. I understood you to say, Mr. Duffy, that you had been informed that the customhouse at New York would apply this rule just as you stated at the outset.

Mr. DUFFY. I had informal talks with some people there. It was a moot question between them, but the indication was that they might feel that this would govern them in that way.

Senator McLEAN. Notwithstanding the fact that the exchange value might be different?

Mr. DUFFY. Notwithstanding the fact that the exchange value might be different. The exchange value would be nearer the standard value than in the case of Austria. However, I am stating our position, that we are apprehensive about this. The other view may be right, that we never having had a metal standard it would not apply to us.

There is one other feature that I will illustrate briefly. It seems to me that it is a definite, undeniable demonstration of the unsoundness of this proposal to make this arbitrary fictitious 66 $\frac{2}{3}$ per cent delimitation. In speaking now I am qualified as a witness. I have tried cases out before the Board of General Appraisers, cases that had root in this very fact of depreciation, and I know as counsel in those cases what the facts are. It is a very brief story.

Czechoslovakia accepts no money of any power that is not up to standard or above the standard. They accept only gold. The mechanics of the operation are these: Mr. Schmits buys a bill of bent-wood furniture. It is invoiced in crowns. It is consulated on July 5. Mr. Schmits has made a deposit of United States gold for the same with a bank here in New York. The Czechoslovakian bank, the government bank, is advised that as against that invoice there is a deposit here in New York of so many thousand dollars. The rate of exchange that prevails on the date of consulation of that invoice is then taken by the Czechoslovakian bank and the gold converted on paper accordingly and the manufacturer of the furniture paid in Czechoslovakian paper crowns. So it is essentially a gold transaction governed by the rate of exchange.

This provision would disregard that entirely. The absolute truth would be stepped on. They would simply take 20.26 and allow us one-third of that, although we paid less than one-tenth of it.

Senator Smoot. Well, that is the same position that was taken by the other importers. In the case of Germany it would be about five times the amount that the duty would be imposed upon.

Mr. DUFFY. The distinction, Senator, that I wish to make is this, that in Germany there is a remittance; here they deposit gold, and the Czechoslovakian Government uses that gold to buy its mercantile supplies here in this country.

Senator Smoot. But so far as duty is concerned, it makes no difference, except that the exchange value is not the same.

Mr. DUFFY. It is a demonstration of the unsoundness of this amendment. I would like the committee to hear Mr. Schmits.

The CHAIRMAN. Does he desire to address the committee?

Mr. DUFFY. Yes, sir; simply to explain that schedule, Appendix A to my brief.

The CHAIRMAN. The committee will hear Mr. Schmits.

(The brief referred to by Mr. Duffy is as follows:)

New York, April 20, 1921.

The CHAIRMAN AND MEMBERS OF THE SENATE FINANCE COMMITTEE:

The undersigned, as importers of bentwood furniture from Czechoslovakia, earnestly solicit the attention of the committee to the vicious and dangerous character of that provision in H. R. 2445 (emergency tariff bill) which amends section 25 of the act of August 28, 1894, by adding thereto a second proviso reading:

"Provided further, That in the estimation and liquidation of duties upon any imported merchandise the collector of customs or person acting as such, shall not in any case estimate the depreciation in currency at more than 66⅔ per cent."

Czechoslovakia is one of the new European republics that were the outgrowth of the Great War. It has never had a metallic currency, either silver or gold. Its money consists of its paper promises to pay, which under the very weighty burden of adverse exchange conditions it has hitherto religiously fulfilled. Its monetary reserve may be said to consist principally of the good will of its creators, the allied and associated powers.

The Czechoslovakian currency unit is the crown. The only metallic unit to which this crown can be related is the old Austrian crown, still recognized by the Director of the Mint as a subsisting coinage. (See Treasury Decisions, Vol. 39, No. 14, Apr. 7, 1921.) The standard or normal value in United States currency proclaimed by that authority for the Austrian crown is \$0.2026. The Czechoslovakian crown to-day rules under \$0.014.

Should this unsound and pernicious measure be enacted by the Congress and approved by the Executive without doubt we would witness the application of the proclaimed standard value for the old Austrian crown to the Czechoslovakian crown.

The manifest consequences in the way of dislocation or complete obstruction of ordinary trade operations are such as at once to condemn this measure as impolitic legislation from an economic viewpoint and an unconscionable violation of the most ordinary standards of business morality.

To illustrate: An invoice from Prague shows a dutiable total of 100,000 crowns. The duty upon our merchandise (par. 176) is 15 per cent. The crown is depreciated from the normal of 20.26 cents in United States money to, say, 1.40 cents.

It must be borne in mind that in marketing his goods the seller has taken into account this vast depreciation and has multiplied his prices and lowered his discounts commensurately. Whatever the currency, goods are sold in gold. (Witness our transactions for years past with South American markets in which gold and paper have been used side by side.)

Returning to our illustration: The sound and normal method of liquidating the assumed shipment upon entry here would show the following computation:

Amount of invoice (crowns).....	100,000,000
Value of crown.....	\$0.014
Equivalent in United States currency.....	\$1,400,000
Rate of duty (per cent).....	15
Amount of duty.....	\$210,000

Liquidation under the official formula prescribed in the proposed amendment to section 25 would show the result following:

Normal value of crown.....	\$0.2026
66⅔ per cent of such value.....	\$0.1351
Maximum depreciated value permitted.....	\$0.0675
Amount of invoice (crowns).....	100,000.0000
Legislated value of crown.....	\$0.0675
United States currency.....	\$6,750.0000
Rate of duty (per cent).....	15
Amount of duty.....	\$1,012.50

Can such attempts to distort truth and reason out of all semblance to themselves be permitted? And were they permitted, would they not fail of their purpose, opposing as they do the fundamental mechanics of trade and commerce as conducted throughout the world?

Depreciation has not taken away the effectiveness of our tariff. It has caused the listed prices of goods in foreign markets to advance prodigiously and discounts

greatly to decrease. That this is true of bent-wood furniture is amply demonstrated by the figures exhibited in Appendix A, annexed hereto, to which reference is had.

The amendment does not comport with the statute it would amend. It offends one-half the purpose of that statute, pointing out which will serve to bring into fuller light its unreason. Section 25 of the act of 1894 confers upon the Secretary of the Treasury a power to order reliquidation not only in cases of depreciated currency but also in cases of what has come to be styled appreciated currency. It gives him power to depart from the values proclaimed by the Director of the Mint whenever he shall find that there is a variance from the proclaimed value of 10 per cent more or less. That power he has exercised in the cases of certain foreign currencies that were favorably affected by war conditions. (T. D. 37743 and T. D. 38431.)

If this amendment had in it the remotest essence of reason or logic, it would go further and place the same limitation upon the upward movement of exchange in foreign moneys. That such a contingency as a foreign money having an upward movement to the degree that we have witnessed depreciation is remote or inconceivable does not serve to take away the sinister character of this proposed amendment. It is special legislation of the most arrant type and, at this time of turmoil and upset in business threatening as it does further and worse confusion, is without apology or excuse.

It is our conviction that as to Czechoslovakia the amendment if permitted to become law would be tantamount to an embargo upon her trade with the United States.

Respectfully submitted.

THONET-WANNER CO. (INC.),
By LEO F. WANNER, *President*.
JACOB & JOSEPH KOHN (INC.),
By WALTER D. SCHMITS, *President*.

APPENDIX A.

Home market prices.

	1913-14	Nov., 1919.	Jan., 1920.	Mar., 1920.	May, 1920.	Dec., 1920.	Mar., 1921.	Apr. 18, 1921.	If at one- third stand- ard value.
1 crown equal to.....	\$0.203	\$0.0183	\$0.0111	\$0.0168	\$0.0225	\$0.0113	\$0.0135	\$0.0139	\$0.0677
Increase by majorization (per cent).....		700	900	1,200	1,500	1,500	1,500	1,500	1,500

Cost in crowns, net.	Net, includ- ing packing.		1913- 14	Nov., 1919.	Jan., 1920.	Mar., 1920.	May, 1920.	Dec. 1920.
	Pre- war.	Since war.						
3.80 Vienna diner, style No. 18, cane seat.....	\$9.80	\$5.80	\$0.771	\$0.645	\$0.501	\$1.01	\$1.694	\$0.851
3.52 Vienna diner, style No. 18, wood seat.....	6.30	6.80	.715	.645	.502	1.01	1.694	.851
6.54 Squarestock diner, Kohn No. 119½A, cane.	11.70	14.40	1.330	1.460	1.140	2.29	3.840	1.934
6.12 Squarestock diner, Kohn No. 119½A, wood.	10.95	14.40	1.250	1.460	1.140	2.29	3.840	1.930
7.27 Cafe armchair, Kohn No. 4713½, wood.....	13.00	17.00	1.475	1.720	1.340	2.71	4.530	2.270
6.23 Costumer, Kohn No. 109½-2.....	11.15	14.00	1.270	1.420	1.100	2.23	3.730	1.889
11.46 Rocker, Kohn No. 1543½, wood seat.....	20.50	22.00	2.330	2.220	1.740	3.50	5.860	2.940
Total.....			9.140	9.570	7.460	15.04	25.188	12.650
Average.....			1.306	1.367	1.066	2.15	3.598	1.807

Home market prices—Continued.

Cost in crowns, net.		In crowns.	Apr., 1921.	If at one-third standard value.	At one-third standard value.		Per cent on cost.
					Rate.	Amounts to—	
3.80	Vienna diner, style No. 18, cane seat.....	Gross. Net.			P. cl.		
3.52	Vienna diner, style No. 18, wood seat.....	6.80×15=102.00=175.60	\$1.05	\$5.10	15	\$0.765	72.85
6.54	Squarestock diner, Kohn No. 1191A, cane.....		1.05	5.10			
6.12	Squarestock diner, Kohn No. 1191A, wood.....	14.40×15=216.00=170.49	2.37	11.54	15	1.73	73
7.27	Cafe armchair, Kohn No. 47134, wood.....		2.37	11.54			
6.23	Costumer, Kohn No. 1094-2.....	17×15=255.00=201.27	2.80	13.63	15	2.04	73
11.46	Rocker, Kohn No. 15431, wood seat.....	14×15=210.00=157.86	2.30	10.51	15	1.53	73
		22×15=330.00=260.70	3.62	17.64	15	2.65	73
	Total.....		15.56	75.00			
	Average.....		2.22	10.72			

1 20.22 times prewar price.
2 26 to 28 times prewar price.

3 28 times prewar price.
4 25 times prewar price.

5 23 times prewar price.

This table shows a considerable increase in list prices to offset the currency depreciation, both by majorization beginning with seven times prewar prices, up to fifteen times prewar prices, and by increase of basic prices, besides discounts, were reduced from 15 to 24 per cent. The result is that current prices now average 70 per cent higher than before the war and have been averaging 59.3 per cent over prewar prices. The increase of duty by limiting the rate of exchange as proposed is 359 per cent. The duty under this proposed scheme would be about 73 per cent ad valorem, which of itself would prohibit further importation of this furniture.

NOTE.—Home market prices in Czechoslovakia identical with American import prices.

STATEMENT BY MR. W. D. SCHMITS.

The CHAIRMAN. You reside in New York, Mr. Schmits?

Mr. SCHMITS. Yes, sir.

The CHAIRMAN. What business are you engaged in?

Mr. SCHMITS. I am an importer of bent-wood furniture.

The CHAIRMAN. From what country?

Mr. SCHMITS. Czechoslovakia.

The CHAIRMAN. Will you state what you desire to say to the committee?

Mr. SCHMITS. There seems to be a general impression that the depreciation of currency has enabled the importers to buy goods for less money than before the war. I have brought with me figures, which I propose to leave with the committee, showing that I pay to-day about 70 per cent more for my goods than I did before the war. Of course, the currency has been changed over there since.

After the armistice when Czechoslovakia found herself in the predicament of having no currency, they had to fall back upon the Austrian moneys, which was one uniform currency throughout Hungary, Austria, and Czechoslovakia. They collected all her currency, had it stamped and returned only 50 per cent to the owners. In that way they were able to improve their currency from the start and put it upon a different footing from the Austrian and the Hungarian currency.

But at the same time I had to meet my payments here according to the subsequent fluctuations of their currency. The manufacturers over there in order to stabilize the charge to me had to increase their

list prices. These prices were increased right in the beginning beyond prewar prices and from 700 per cent advance paid in November, 1919, went up to 1,500 per cent since last May.

Senator McCUMBER. Fifteen hundred per cent higher?

Mr. SCHMITS. Fifteen hundred per cent higher.

Senator WATSON. What does that expression mean?

Mr. SCHMITS. It means that a list price which before the war was \$6.80 is now 15 times as much.

Senator McCUMBER. That is, measured not in American money but in their money?

Mr. SCHMITS. In kronen (crowns).

Senator McCUMBER. How much has it increased on the gold basis?

Mr. SCHMITS. The increase on the gold basis, as stated, shows that some articles on which the prewar prices were 3 crowns 80 are now 75 crowns and 60 heller. Reduced to dollars before the war, it was 77 cents and is now \$1.05. I have taken a number of articles, not restricting myself to the common type of chair, and the average shows that I am paying now 70 per cent more in gold for my goods than I did before the war.

Senator LA FOLLETTE. Can you state a comparison of the domestic product for the same dates in price?

Mr. SCHMITS. I can make an appropriate comparison; yes.

Senator LA FOLLETTE. What was the prewar price of the same article?

Mr. SCHMITS. We always have held a difference in our selling prices of at least 10 per cent over domestic chairs.

Senator LA FOLLETTE. I did not get that.

Mr. SCHMITS. We always held the imported chair at least 10 per cent higher than the domestic article. For instance, before the war a certain chair was sold, we will say, for \$20 domestic and we would sell it for \$23 or \$24. Now, the difference is about the same. A chair of this make is sold now up to \$45 by American manufacturers and we hold it at \$51 to \$54. So that we have established more than a difference of 10 per cent. Of course, we have to remain within some distance, because otherwise the purchaser here would not want to pay such an exorbitant plus difference. We always have to remain within some alignment, but we have never competed against the domestic chair.

Senator SMOOT. Is that on account of the fact that the domestic chair is not as good as the imported chair?

Mr. SCHMITS. Yes; that is one reason.

Senator McCUMBER. At least the public thinks so, which is the same thing.

Mr. SCHMITS. When the imported chair was first brought into this country in 1875 there was not a bent-wood chair made in our country. Subsequently, American manufacturers took up to make it, and they have become quite adept in the manufacturing of bent-wood chairs. However, the quality of the lumber here does not compare with the lumber obtained abroad.

Senator LA FOLLETTE. What is the difference in the lumber?

Mr. SCHMITS. Austrian beech is used abroad.

Senator LA FOLLETTE. What is used here?

Mr. SCHMITS. Over here beech is a very brittle wood, a very coarse formation. Perhaps I should not say "coarse formation," but it acts

brittle; they can not use beech. They use elm or oak. Oak is very good.

Senator LA FOLLETTE. How does oak compare with the beech of the foreign countries?

Mr. SCHMITS. It being a hand process of an industry over there transferred from generation to generation, they devote more care in steaming the wood than the American manufacturers do. The American manufacturers extract too much of the sap of the wood. As a result of that the American chair weakens in its joints after a number of years' use and falls to pieces. There are many American manufacturers that originate from abroad, and still they do not go to the same trouble that the foreigners do.

Senator LA FOLLETTE. Do you know the wages paid before the war in the country from which you imported these chairs?

Mr. SCHMITS. At one time I had a rough idea of it. I never paid any particular attention to it.

Senator LA FOLLETTE. You never had definite information on that subject?

Mr. SCHMITS. No.

Senator LA FOLLETTE. Do you know anything about it now?

Mr. SCHMITS. I can speak of my recent experience; perhaps not so much in the matters of dollars and cents to compare with our wages over here, but it is one of the greatest hardships for manufacturers abroad now to keep factories going. The volume of business they have does not induce them to keep their factories open. It is more or less the exitation of the workmen abroad coming in close contact with the Russians and the Soviets that run around and into these factories which makes these men come forth with exorbitant demands which tax the profits of the manufacturers over there. In time common sense will prevail and conditions will return to normal.

Senator SIMMONS. Taking into account all the conditions that you have mentioned, do you think the labor cost of producing these chairs in Czechoslovakia is less or greater than the cost of producing them here?

Mr. SCHMITS. In proportion I would say that the cost is not any more than it is here.

Senator SIMMONS. Do you think the labor cost there is as great as it is here?

Mr. SCHMITS. I do not think so. As a general thing the labor cost in Europe, even in England, has been less.

Senator SIMMONS. I am not speaking about per diem rate paid the labor, but I am taking into consideration the amount paid him and the efficiency of his labor. Now, do you think the total labor cost of producing these chairs abroad is greater than the total cost of producing like chairs in this country?

Mr. SCHMITS. On reflection, it would seem to be greater now because the labor cost is something tremendous, it is staggering. Always they are demanding more money and the manufacturer can not see his way through any more. That is the feeling I had abroad recently.

Senator SIMMONS. Labor is very much higher over there now than it was in prewar times, just as it is higher here.

Mr. SCHMITS. Yes, and the hours have been shortened.

Senator SIMMONS. Your judgment is that the total labor cost that enters into the production of these chairs is greater in Czechoslovakia than it is here?

Mr. SCHMITS. Yes. I can cite instances to bear me out in that statement. The factories run eight hours a day. Before the war they ran 10 hours, and their eight-hour day would not compare with the work of our eight-hour day. I have been to their factories and have seen the spirit of the men.

Senator SIMMONS. Coal is one of the great elements in the cost of production. Have you any idea what the cost of coal over there is as compared with the cost of coal here?

Mr. SCHMITS. I understand that they have been paying in Germany more for coal than we have been paying over here, but that on account of recent occurrences in Germany and in England the American coal is now offered at a less price. The same is true with reference to the Czechoslovakia situation. They are mining their own coal and they are charging extortionate prices.

Senator SMOOT. Your written statement says that the list prices as mentioned in your report is on an average of 68½ per cent higher than before the war?

Mr. SCHMITS. Yes; the corrected statement reads 70 per cent higher.

Senator SMOOT. Taking into consideration the offset of the currency depreciation, do you think that the cost of making these same bent-wood chairs mentioned in this report of yours has increased at least 68½ per cent in this country since the war?

Mr. SCHMITS. The relation of what actual increase the manufacturer needs and what the working men need I do not know.

Senator SMOOT. You state here that before the war they sold these chairs for \$20 and that you sold them for \$23 or \$24.

Mr. SCHMITS. Yes.

Senator SMOOT. Now you say the American price is \$45.

Mr. SCHMITS. Yes.

Senator SMOOT. That is a 125 per cent increase. You say your increase of cost from the prewar period averages 68½ per cent?

Mr. SCHMITS. Yes; by considering the offset in the currency depreciation alone. The increase in crowns, however, against pre-war cost, as per statement submitted, shows is from 20 to 28 times.

Senator SMOOT. Evidently the price in the United States has increased even more than that.

Mr. SCHMITS. Prices naturally have increased here and over there also.

Senator McLEAN. But if you increase only 70 per cent you could undersell the American product to-day?

Mr. SCHMITS. Gentlemen, that is not the whole of the story. I am comparing factory prices; I am not comparing prices landed here. What about paying the big ocean freight rates to-day? What about paying all the other excessive charges? You have to figure everything together.

Senator McLEAN. We supposed you had done that when you said it cost you 70 per cent more.

Mr. SCHMITS. I was figuring on the price at the factory—the dutiable value; I was not comparing the market price here when I produced my cost. I have not figured the duty and the freight. I merely wanted to show the difference of the cost at the factory.

Senator McLEAN. Well, you had to pay more duty before the war than you do now.

Mr. SCHMITS. No.

Senator McLEAN. Well, that would not make any difference.

Senator LA FOLLETTE. You are paying somewhat higher freight rates now, are you not?

Mr. SCHMITS. Yes; six or seven times higher than before the war.

Senator SMOOT. But I was getting at the cost of the goods, because the question of the wage increase in Czechoslovakia is involved in the cost of the goods. You say that on account of the increase in the cost of goods and on account of the depreciation of currency the cost of making your chairs in Czechoslovakia has been increased by 68½ per cent.

Mr. SCHMITS. Yes.

Senator SMOOT. What I wanted to get at was this: Evidently there is not a manufacturer of these chairs in the United States but what will claim that this cost has increased even more than 68½ per cent.

Mr. SCHMITS. I do not want to refer to American conditions. While I am in very close contact with American factories and know that they made money during the war, some of them very much money—

Senator LA FOLLETTE. You know his prices increased more rapidly than his cost of production?

Mr. SCHMITS. Yes. I have not seen their present cost, but I question whether they bear any other relation than mine.

Senator SMOOT. I did not catch that statement.

Mr. SCHMITS. I question whether the Americans' increased cost is of a different percentage than mine. Granted they are selling certain chairs at \$45 a dozen which they sold before the war at \$20 a dozen. That is the price to the dealer. I am not speaking of jobbers' discount or other allowances they make. When it comes down to a question of close competitive figures you will find that the price of \$45 for the domestic chair is not maintained. The market is irregular and the natural costs change also from day to day. But my impression from information I have is that we can keep a very good comparison as to the increase of cost abroad and the actual increase over here.

Senator SMOOT. That is what I thought. I thought that the increase in wages and cost of manufacturing in this country were not far from the increases with respect to the same article abroad.

Mr. SCHMITS. I wish now to show the result of the proposed increase of duty by allowing us only one-third of the standard valuation. Instead of having to pay a duty of 15 per cent, I would have to pay 73 per cent, which is prohibitive. I might just as well close my doors. I could not even think of importing because I would lose by the purchase of the goods, considering the question of exchange fluctuations which has not been considered here at all. The currency fluctuates so quickly over there that unless you are a banker and gamble in the market you lose money.

I have here a corrected statement which I desire to have substitute for the one contained in the brief that Mr. Duffy submitted for me.

Senator SIMMONS. Do you want it put in the record?

Mr. SCHMITS. Yes, sir.

(The corrected statement submitted by Mr. Schmits will be found in the brief inserted in the remarks of Mr. Duffy.)

Mr. SCHMITS. I would like to say one more word pertaining to an inquiry by one of the Senators. With regard to prices. The basic

prices have also changed. Chairs formerly costing, for instance 11.70 now cost 14.40 crowns. That is an increase of 20 per cent. Other articles have gone up from 13 to 17 crowns. The extent of the penalty (meaning excess duty) that would be put upon me now by enforcing the new proposition would amount to 390 per cent on my importations from Czechoslovakia.

Senator SMOOT. That is taking the value of the currency into consideration?

Mr. SCHMITS. Yes.

Senator SIMMONS. Is your business confined to that of importing altogether?

Mr. SCHMITS. I also purchase American chairs. I am selling American bent-wood chairs just as well as the others; but, of course, my specialty is the imported chair.

The CHAIRMAN. Is that all, Mr. Schmits?

Mr. SCHMITS. Yes, sir.

Senator SIMMONS. You sell the imported chair a little more than the American chair?

Mr. SCHMITS. Yes.

The CHAIRMAN. The chairman of the committee is not informed as to any other applications for a hearing from the taxpayers. Therefore, the hearings are closed. Of course, if any of the members desire, the committee can call again on any of the Government people who are present.

Senator WATSON. Senator Knox is suffering from a slight attack of tonsillitis and can not appear before the committee to-day, but wants to appear on Monday, Mr. Chairman.

Senator McCUMBER. On what point?

Senator WATSON. On the dye-stuff business.

Senator McCUMBER. What I want to find out is whether this 66½ proposition has any friend anywhere. I have not heard any testimony favorable to it.

Senator SMOOT. I have a hundred letters here with respect to it.

Senator CURTIS. Mr. Chairman, do you not think we ought to invite the Tariff Commission here in executive session to go over these matters?

The CHAIRMAN. Yes; I was going to suggest that we proceed to hold an executive session with the Government experts present and the Tariff Commission.

Senator WATSON. They can not be here to-day; that is the Tariff Commission representatives, but they can be here Monday.

Senator CURTIS. We ought to get this bill out Monday.

The CHAIRMAN. We can hardly do that because the committee has to pass on these amendments with the Government experts.

Senator SMOOT. This provision in section 25 of the bill with regard to the limitation of 66½ per cent, of course, is opposed by all importers. I think there are no exceptions, but take the American manufacturer, and, of course, he wants it.

The CHAIRMAN. The Chair would suggest that if we are going to discuss the bill we ought to be in executive session. The committee will now proceed to go into executive session, and the Government experts may remain.

(Thereupon, at 11.28 o'clock a. m., the committee went into executive session.)

EMERGENCY TARIFF AND ANTIDUMPING.

SATURDAY, APRIL 23, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met in executive session at 11.30 o'clock a. m., in room 310, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Curtis, Watson, and Simmons.

The CHAIRMAN. Judge De Vries has been invited to further inform the committee as to the pending measure.

STATEMENT OF HON. MARION DE VRIES, ASSOCIATE JUDGE, UNITED STATES COURT OF CUSTOMS APPEALS.

Judge DE VRIES. In case that the currency provision is not adopted, and, perhaps, in case it should be adopted in some modified form, in view of the fact that the export prices of very much of the merchandise which is being brought into this country are very much higher than the home market value of those countries, the committee might want to consider whether or not there should be a provision providing that in no case should duties be levied at less than the export price rather than upon the home market price.

As was stated here, taking the duty upon the home market price resulted from a construction of the provisions of the law by the Supreme Court, and up until 1897 there was a provision in the customs administrative law that in no case should duties be assessed at less than the invoice price or entered value. The invoice price, of course, ordinarily represents the export price, because they are required to invoice the goods at the price for which they purchased them for export.

Senator WATSON. Suppose the home market price is higher than the export price. Would it not be well to provide for duties on whichever is the highest?

Judge DE VRIES. What I have to submit, Senator Watson, meets that situation, because it provides as a minimum the export price. It is as follows:

That from and after the passage of this act duty shall not in any case be assessed upon an amount less than the wholesale market value of the merchandise in the United States and in the principal markets of the country of exportation; that the words "value" and "export market value" herein used shall be deemed and construed to mean and include the same as the words "value," "actual market value," and "wholesale price" as by law provided.

Senator McCUMBER. And the law provides that we can take whichever is the highest; does it not?

Judge DE VRIES. The law provides there, Senator, that you must include packages and package charges with respect to extraordinary covering; that you must include extraordinary covers, etc. So, rather than detail all of that in this provision, we simply refer that matter to the law as it is now provided.

Senator McCUMBER. That is not intended, then, to cover the other point?

Judge DE VRIES. No; this is a different provision. After you find the home market value you look to this provision, and if the appraised value is found to be less than what it is on the export value, then you go to the export value; but if it is not less you keep on and go to the home market value, however high it may be. It is a minimum provision.

Senator McCUMBER. Well, that is taken care of in this proposed amendment, is it?

Judge DE VRIES. That is the purpose of it.

Senator CURTIS. That is, it is your contention that if we adopt this proposition made by you, either of the two propositions is good?

Judge DE VRIES. They might be put together. This proposition stands by itself. You will remember that even Mr. Doherty conceded that it would be fair to take an export price.

Senator McCUMBER. What I want to get at is this: Under this amendment, if the home market price is greater than the export price, would the tariff be levied upon the home market price?

Judge DE VRIES. It would.

Senator McCUMBER. And if the export price is greater than the home market price, the tariff will be levied upon the export or import price?

Judge DE VRIES. Yes.

Senator McCUMBER. And that is sufficiently covered by your proposed amendment?

Judge DE VRIES. Yes.

Senator McCUMBER. That means whichever is the higher?

Judge DE VRIES. Yes.

Senator WATSON. You do not insist on the incorporation of this 66½ per cent provision, do you?

Judge DE VRIES. Senator, I have given that provision no particular study or thought. Undoubtedly, if it were put in the bill as it comes over from the House, it would be exceedingly drastic, and unless very considerable limitations were put upon it, in some cases no doubt it would amount to an embargo.

Senator McCUMBER. You have heard all the testimony that was given here?

Judge DE VRIES. I have.

Senator McCUMBER. And you agree substantially, that in most instances it would amount to an embargo from these countries having greatly depreciated currency?

Judge DE VRIES. I think it is only fair to state to the committee, Senator, that that is my view. I think it would be constitutional. I think it would be within our treaty provisions, but it is a question of fact for the committee to determine.

The CHAIRMAN. Who is the author of it?

Judge DE VRIES. I think Mr. James B. Reynolds, former Assistant Secretary of the Treasury, is the author of it. It was drafted by Mr. Fisher.

Senator WATSON. Judge Fisher stood sponsor for it here.

Judge DE VRIES. Yes.

Senator Smoot. Judge De Vries, this, I see, is to be Title III, and you here refer to the words "value" and "export market value,"

but you do not refer to the "cost of production" as provided by section 205.

Judge DE VRIES. It is not related to this provision.

Senator SMOOT. But the wording of section 205, designating just what the cost of production shall be, does not provide for containers or the cost of packages.

Judge DE VRIES. These words refer back to Paragraph R of the Underwood bill, the existing law, which provides a definition value, actual market value, and wholesale price. It does not refer to the other provision in this bill at all.

Senator SMOOT. I am aware of that, Judge De Vries, but you are putting this Title III in this bill here and referring to the words "value" and "export market value" only and not the "cost of production," and in section 205 is the definition of the cost of production, which, under that definition, does not include the cost of containers or packages.

Judge DE VRIES. But the cost of production is no element in the consideration of the provisions of this bill. It does not figure in the case, therefore. You do not have to take the cost of production into consideration. You are concerned only with export market value.

Senator McCUMBER. You intend that as a substitute for the other?

Senator SMOOT. Then there will be a conflict here. In section 205 you do take into consideration the cost of production. Let me read section 205, and then you will see what I mean.

Section 205 says:

That the term "cost of production" wherever used in this title means the cost of labor and material of the merchandise exported to the United States at the time of production plus the actual general expenses and a profit, which is usually and ordinarily added to the cost of labor, material, packing charges, and general expenses by manufacturers in the country of production of merchandise similar in material and production or manufacture.

Senator SIMMONS. Does not that relate to dumping?

Senator SMOOT. Yes; but that has to be taken into consideration here.

Judge DE VRIES. Not in the enforcement of this provision, Senator. It has nothing to do with this provision. It is not a factor of calculation in any wise in the enforcement of this provision.

Senator SIMMONS. It is in connection with antidumping.

Judge DE VRIES. Yes; it is separate and independent.

Senator CURTIS. It does not affect either of these other provisions?

Judge DE VRIES. Not in the least.

Senator SMOOT. Then you will have to amend this other.

Judge DE VRIES. I think not, Senator.

The CHAIRMAN. We will determine that with Mr. Walker and Mr. Beaman.

Have you anything else, Judge?

Judge DE VRIES. Not unless the committee desires to ask some questions.

The CHAIRMAN. Senator Simmons, do you wish to ask some questions?

Senator SIMMONS. No; I wanted to the other day, but the testimony since then has clarified all the questions I had in mind at that time.

Senator LA FOLLETTE. Is there any difference, Judge De Vries, in the containers for the export trade and the containers for the domestic trade? Do they have to prepare them for shipment overseas in a different way?

Judge DE VRIES. Sometimes there is a difference, Senator. The only difference usually drawn by the law as to containers, though, is where the merchandise is brought in in extraordinary containers, and that is really a provision against fraud; its occurring that they would import free goods or even dutiable goods and put them in a container that was very much more valuable than the goods themselves, and the goods being free or at a low rate of duty, the container would come in with them free. So there is a provision in the law against that. But that is the only distinction made as to containers in the law.

Senator SIMMONS. Does not the export price, Judge, also cover the cost of the price of the container?

Judge DE VRIES. It does under this bill.

Senator LA FOLLETTE. What is the reason for that? I do not know that I get that.

Judge DE VRIES. It is to prevent bringing in containers.

Senator LA FOLLETTE. Yes; bringing in valuable material.

Judge DE VRIES. Yes; which would be free because it incloses free goods or goods inclosed therein which would take a very low rate of duty. It occurred mostly in tea cases, where they would have these lacquered boxes and sell the boxes after the tea was taken out.

The CHAIRMAN. The committee will meet on Monday, Judge De Vries, and would be glad to have you here.

Senator SIMMONS. Judge, after hearing this testimony as to the antidumping, have you any additional suggestions to make about the antidumping clause?

Judge DE VRIES. We met with Mr. Walker and Mr. Beaman and went through that bill pretty carefully, Senator Simmons, and I think on most matters we practically agreed. When the bill was presented in the House we were instructed to practically take the House provision, take what the Senate had to put to it, and draft a bill to close up all the gaps possible and adhere as nearly as possible to the language which had been employed by Congress, being actuated by the same principles as in the emergency bill, so that there would be as little possible adding or different language used to explain. It is undoubtedly true that as the House bill comes over here in many provisions it might be amplified, because these laws are read by men who are not lawyers and enforced by men who are not lawyers. Take the definitions that are presented in the House bill. The definitions presented by these gentlemen are undoubtedly better in some instances, because they will be understood better by the lay mind than those in the House bill. On the other hand, I think some of the provisions in the House bill are better. The crux of the whole thing is in paragraph 207. When the committee commences to consider that I may have some suggestions to offer, but unless the committee wants them I would not care to offer them.

The CHAIRMAN. All right, Judge. The committee will hear you again.

(Thereupon, at 12 o'clock m., the committee, having concluded its executive session, adjourned to meet in public session Monday, April 25, 1921, at 10.30 o'clock a. m.)

EMERGENCY TARIFF AND ANTIDUMPING.

TUESDAY, APRIL 26, 1921.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to the adjournment, at 10.30 o'clock a. m., in room 310, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, Dillingham, McLean, Curtis, Calder, Simmons, Reed, and Walsh.

The CHAIRMAN. The committee will come to order. Senator Knox is present and desires to address the committee. We will be glad to hear you, Senator.

STATEMENT OF HON. PHILANDER C. KNOX, SENATOR FROM PENNSYLVANIA.

Senator KNOX. Perhaps I had better start by telling what we want, and then follow with why we want it.

The passage of S. Res. No. 16, which was reported favorably to the Senate, terminating the state of war between the United States and Germany, will automatically terminate the function of the War Trade Board section of the Department of State, under which German dyes and chemicals have been kept out of the United States under an Executive order by President Wilson.

In order to cover the hiatus between the automatic termination of the authority of the War Trade Board and the enactment of such legislation as Congress may see fit to enact in the general tariff bill—which, of course, will take some months to go through the Congress—we would like to suggest an amendment to the pending bill imposing temporary duties upon certain agricultural and industrial products, etc., transferring the function of the War Trade Board from the State Department to the Treasury Department, giving the Treasury Department the power to make the same prohibitions as have been made by the War Trade Board Section, and asking for a small appropriation, about \$50,000, to cover the expense of the operations of the section in the Treasury Department until general legislation is enacted.

I have drawn an amendment to the pending bill and propose on page 11, line 12, after the word "conditions," the following [reading]:

Provided further, That on and after the day following the passage of this act, for the period of six months, no sodium nitrite, dyes, dyestuffs, including crudes, intermediates, and other products derived directly or indirectly from coal tar, and no finished or partly finished products, mixtures, and compounds of coal-tar products, and no other synthetic organic drugs, or synthetic organic chemicals, shall be admitted to entry or delivered from customs custody in the United States or in any of its possessions unless

the Secretary of the Treasury shall determine that such article or a satisfactory substitute therefor is not obtainable in the United States or in any of its possessions on reasonable terms as to quality, price, and delivery, and that such article in the quantity to be admitted is required for consumption within six months by an actual consumer in the United States or in any of its possessions, and the Secretary of the Treasury may make all rules and regulations necessary and proper for the accomplishment of the purposes of this proviso. And upon the day following the approval of this act the War Trade Board section of the Department of State shall cease to exist; all clerks and employees of the said War Trade Board section shall be transferred to and become clerks and employees of the Treasury Department; all books, documents, and other records of the said War Trade Board section shall become books, documents, and records of the Treasury Department; all individual licenses issued by the said War Trade Board section prior to the passage of this act shall remain in effect and the importations under such licenses shall be permitted; all unexpended funds and appropriations for the use and maintenance of the said War Trade Board section shall become funds and appropriations available to be expended by the Secretary of the Treasury in the exercise of the power and authority conferred upon him by this proviso; and for the carrying out of the purposes of this proviso during the fiscal year ending June 30, 1922, the sum of \$50,000 is hereby appropriated.

Senator SMOOT. Senator, there is enough money appropriated now for the War Trade Board. Why ask for \$50,000 more?

Senator KNOX. Is there? I thought at first that was true, and I have made some inquiry and I have been told it was not correct. I do not know.

Senator SMOOT. They have not asked for any deficiency. We have now about \$30,000,000 asked for, but they have not asked for anything.

Senator KNOX. I think one of the reasons they did not ask was they realized they were in a moribund condition and about to pass out of existence.

Senator SMOOT. We gave them the full appropriation they asked for, and I do not see why they should spend more money than they did last year. You are transferring all that was appropriated for that purpose to them?

Senator KNOX. That fact is susceptible of determination. Of course, any amendment the committee might recommend would take that into consideration.

Senator SMOOT. Then it is not necessary to take over all of the employees, because the Treasury Department will use the very force they have there at New York and these other ports of entry.

Senator CURTIS. That can be very easily covered by providing "as many as necessary."

Senator SMOOT. Yes.

Senator KNOX. As I said a moment ago——

Senator SIMMONS (interposing). This is an amendment, I suppose, to this bill?

Senator KNOX. Yes.

The CHAIRMAN. You say "we." I desire this. Do you mean the Committee on Foreign Relations?

Senator KNOX. Oh, no; when I say "we," I mean the large body of American people who are interested directly and indirectly in the upbuilding of the great dye industry in the United States.

The CHAIRMAN. Has this been submitted to the Secretary of the Treasury?

Senator KNOX. No, sir; it has not.

Senator SIMMONS. Does this do anything more than transfer to the Treasury the functions now exercised by the War Trade Board with reference to the dye importations?

Senator KNOX. It transfers the War Trade Board's personnel to the Treasury Department.

The CHAIRMAN. It transfers the whole War Trade Board?

Senator KNOX. Yes.

Senator SIMMONS. By this amendment you abolish the section?

Senator KNOX. We abolish the War Trade Section. The War Trade Board goes out of existence automatically.

Senator SMOOT. Six months afterwards?

Senator KNOX. Oh no; immediately afterwards. It was not created by law; it was created by Executive order.

Senator SIMMONS. But your amendment is intended to retain the functions of the War Trade Board?

Senator KNOX. Absolutely not. It is all set out there in detail.

I said we would tell you what we would like, and in a few words why we would like it. I am looking at this personally not so much as a justifiable measure to protect an industry that sprang up during the war, sprang up almost overnight, sprang up as the result of the Government's crying alarm that we had no means to meet the new and devilish devices that the German chemists had invented and which were making such fearful inroads upon our troops and those of our allies, that for months it seemed it was not possible for us to meet and to overcome them.

When the cry of alarm went up, there was practically no dye industry in this country, and when I say there "was no dye industry," I say in the same words there were no industries where poisonous gases could be produced, because they can only be produced in dye works. They are all the products of organic chemistry, or even more primarily speaking, they are the products of coal tar, and at that time, before the war, Germany had a practical monopoly of the dye industry of the world, which meant that she had a practical monopoly or an exclusive capacity for the manufacture of the greatest implement and instrumentality of warfare that has ever yet been discovered. The examination of the great munition dumps that were captured in the victorious drive against Germany disclosed that more than 50 per cent of the projectiles which at the beginning of the war were loaded with high explosives were loaded with chemical gases, and if the war had lasted two years longer the probabilities are that 90 per cent of all of the projectiles used would have been exploded by and would have diffused poison gases.

You may talk about disarmament so far as mechanical armament is concerned—the building of ships and the casting of cannon, and the making of guns and all that sort of thing; it is nothing if you do not limit Germany's capacity to make this chemical armament, and when she makes this chemical armament she is not making it at the expense of the German Government and of the German people, but she is making it at the expense of the United States and of Great Britain and of Italy and of any other country that will buy dyes from her, because her dye plants are operated during periods of peace, for the purpose of producing things that have a peace use and peace value. No taxation is laid upon the German Government to construct these gigantic plants which are so flexible that they can be converted from a dye plant into a munition plant within a week. But they are being built up at the expense of the countries that purchase their products. Every thousand dollars' worth of dyes that the American people buy

from the Germans requires a thousand dollars' worth of capacity in a German factory; and they have just that much capacity for harm in the event of war in turning their dye plants into manufactories of munitions. I can not under present circumstances go far in developing this argument, but I have before me here a little volume that is fascinating in its information.

It contains information that I do not see how any American statesman can afford not to possess. It is told in the most interesting way. It reads in parts almost like the Arabian Nights and the stories of Alladin and his wonderful lamp. It contains, besides, some of the best speeches that have been made upon the subject, notably the one made by the Senator from Indiana (Mr. Watson), the Senator from New Jersey (Mr. Frelinghuysen), the report of the Ways and Means Committee of the House and of the subcommittee of this committee of the Senate; it contains the testimony of the military experts who have been connected with our chemical warfare; it contains what I consider to be one of the most interesting articles I have ever read, entitled "Chemical disarmament," by Maj. V. Lefebure, and also a similar article by Dr. Charles A. Herty. But there is a little passage from the report made by Senator Watson that I would like to read to you, because I think it contains the germ of the whole matter. The report is inserted—

Senator CURTIS (interposing). I wrote that report.

Senator KNOX. Well, I am mistaken. Senator Watson is credited with it. I read from page 33 of the report, the last half page [reading]:

There is another thing which the people of the United States must remember, and that is that all the most important explosives of the present day are either coal-tar products or the result of chemical processes requiring the use of coal tar, and in all dyestuff factories there is unavoidable production of large quantities of substances which are directly available for conversion into explosives, so that it is important that the Government aid the industry in every way possible.

When the importation of dyes from Germany was cut off by the war, it was encouraging to the people of this country to see the large number of people who went into the industry to serve the Government. There were large establishments and small ones, everyone doing its full part. They commenced with the dyes which were the easiest to produce, and gradually expanded the production until to-day they are producing about 90 per cent of the dyes needed in this country.

One who has read the story of the work of the German Government in the United States just prior to the war knows that the chemical industry in this country which was under the control of the German Government was the center of espionage, German propaganda, and direct Government activities. They prevented the use of coal-tar products in the munition industry. They undertook to corner the supply of phenol in the United States, and prevent its use in the manufacture of high explosives, and at the outbreak of the war they stopped its importation.

The United States is virtually independent of Germany so far as the dye industry is concerned, and it is our duty to keep it so. We know what Germany will do to regain her hold on the industry in this country. We know that she will resort to State aid, cartel, combinations, trade export premiums, dumping, bribery, espionage, and propaganda. She did this before, and she will do it again.

Now, I only want to repeat in one sentence that from my point of view, devoted protectionist as I am, we ought to deal with this thing not as a matter of tariff. We ought to deal with it as Great Britain has dealt with it in the last three or four months—free-trade Great Britain, her most ardent free traders making the most eloquent and earnest speeches for an embargo upon German dyes, and they have imposed such an embargo for 10 years, under practically the

same control as is suggested in my amendment, not as a tariff proposition, but as a matter of national defense.

What can be more obvious; what can be more obviously necessary in view of what we have been taught by the war and brought home to us in such a painful way? Who can go to Walter Reed Hospital or elsewhere and see a boy who is half demented, suffering from the asphyxiation of poisonous gases and for a moment think that the statesmen of this country will lie down and allow Germany to go on and build up and obtain once more the monopoly of the world in the manufacture of chemical armament?

Now a word upon the economic side.

We have going off in the air in the United States of America to-day, in round numbers, a billion dollars' worth of by-products of the consumption of coal. Germany does not lose one penny of the value of the coal that she uses, and the difference is that we burn our coal in the main and allow the smoke and the gases to escape. In Germany they roast their coal in by-product ovens, and they gather all of the gases and all of the by-products, from which they make dyes, chemicals, and drugs.

In our State, Mr. Chairman, it is estimated that we lose about \$350,000,000 in that way, and just to show you what a pound of coal and a cord of wood is worth chemically and in dollars and cents, I beg to call your attention to a few observations I made myself in the Senate, on page 40 of the book before you. As I notice here, even in the State of Utah, where I suppose there is not so much coal burned as in many other of the Western States, the loss amount to \$9,999,000. From 1 ton of soft coal, by the process of destructive distillation, you obtain 12,000 cubic feet of gas; liquor (washings) ammonium sulphate, 7 to 25 pounds; tar, 120 pounds, from which, redistilled, we get benzene, 10 to 20 pounds; toluene, 3 pounds; xylene, 1½ pounds; phenol one-half pound; naphthalene, three-eighths of a pound; anthracene, one-fourth pound; pitch, 80 pounds; and coke, 1,200 to 1,500 pounds.

Now, gentlemen, I want to call your attention to the fact that more than one-half of the bituminous coal that is consumed in this country and converted into coke is made in the ordinary old-fashioned beehive ovens, and that every one of these articles that I have read to you that can be obtained—the tar, xylene, phenol, anthracene, and all these sort of things, all go up into the air—and the total product of that ton of coal is from 1,200 to 1,500 pounds of coke.

Take a cord of wood, for instance. A cord of wood of 128 cubic feet is subjected to a process of destructive distillation and yields, first, 50 bushels of charcoal, 11,500 cubic feet of gas, 25 gallons of tar, 10 gallons of crude wood alcohol, and 200 pounds of crude acetate of lime. Eighty per cent of the wood that is consumed in the United States only either produces heat or charcoal; all these other products go off in the air.

What has all this to do with the dye industry? Simply this: All these things are the fundamental raw products from which dyes are made, and if there is a demand for dyes in this country that we can supply ourselves there will be the demand for these economies and the consumption of valuable articles that are going to waste will inure to our profit and, what is of more consequence, to our safety.

I thank the committee very much for their kindness in giving me a hearing.

I might leave, Mr. Chairman, in addition, a little memorandum that I have made explaining the amendment.

The CHAIRMAN. That will be inserted as a part of your remarks.

(The memorandum referred to and submitted to the committee is here printed in the record in full, as follows:)

APRIL 22, 1921.

PROPOSED AMENDMENT TO ANTIDUMPING BILL (H. R. 2435).

(1) It is assumed that the effect of the passage of S. J. Res. 16 (peace resolution), declaring the existing state of war with Germany at an end, will be to terminate, immediately upon the passage of such resolution, the powers of the War Trade Board section of the Department of State. That body obtains its powers and authority entirely from an Executive proclamation of the President issued on February 14, 1918, under the provisions of the "Trading with the enemy act" of October 6, 1917, and in pursuance of section 11 thereof, which provides:

"Whenever during the present war the President shall find that the public safety so requires and shall make proclamation thereof, it shall be unlawful to import into the United States from any country named in such proclamation any article or articles, etc."

The proclamation under which the War Trade Board section is operating will therefore apparently cease to be in effect on the day after the peace resolution becomes law.

(2) It seems practically certain that general tariff legislation by the present Congress revising the existing duties upon products imported into this country will not become a law for some months, and that between the date of the passage of the peace resolution and the date of the passage of the general tariff law, because of the situation above outlined in paragraph (1), there will be no restriction upon the importation of dyes, dyestuffs, and other synthetic organic chemicals. In other words, such products will come into this country in very large quantities as the result of the abnormally low European costs and the grossly inadequate duties existing under the present tariff law.

(3) While the emergency tariff bill, H. R. 2435, which recently passed the House of Representatives and is now pending in the Senate Finance Committee, was drafted as a tariff measure to deal with only a specially selected group of products embraced in a similar act passed in the last Congress, it now has had added to it by the House of Representatives an antidumping provision, which is expressly designed to prevent a flood of imports into this country to be sold in competition with our domestic manufactures at prices below the European prices of the same imports and greatly below those of the American manufacturers. Such an antidumping provision will, however, be ineffective to prevent the importation of chemicals into the United States in competition with our American chemical industries. The chemical industry is so complex, and the difficulties confronting it in its infant stages are so great, that the German, Swiss and French chemical plants, can all sell their products in this country at prices equal to and even somewhat above their European prices and still be able greatly to undersell the American manufacturers; that is to say, the proposed antidumping legislation, as now framed, is not effective to safeguard the American chemical industry. Therefore, as entirely germane to the antidumping section of the bill, an amendment is proposed which is designed to continue under the Secretary of the Treasury substantially that control over dye and other chemical imports now existing under the War Trade Board Section of the Department of State, simply extending such control to products of all foreign countries.

(4) The suggested amendment declares clearly the legislative intent as to the character and extent of the control over chemical importations into the United States during the life of the emergency tariff act. It provides that the War Trade Board section of the Department of State shall cease to exist upon the passage of the emergency tariff act with the proposed amendment incorporated therein. It provides that the Secretary of the Treasury may make all rules and regulations necessary and proper for the accomplishment of the purposes of the amendment. In order, however, that the Secretary of the Treasury may have the machinery for immediate and effective control over the importation of chemicals during the entire period between the passage of the peace resolution and the passage of a general tariff act, the machinery of the War Trade Board section of the Department of State is transferred to the Treasury Department. It provides that the unexpended funds appropriated for the War Trade Board for the present fiscal year are made available for the Secretary of the

Treasury to continue the chemical import control, and because it is practically certain that this control must extend for some months beyond June 30, 1921, there is provided the sum of \$50,000 as an appropriation to continue the work during the fiscal year beginning July 1, 1921, and ending June 30, 1922.

(5) The proposed amendment, in its form specifically declaring the legislative intent and will under general provisions and delegating to the Secretary of the Treasury the "power to fill up the details" by administrative rules and regulations, is clearly valid. (See *United States v. Grimaud*, 220 U. S. 506.)

Senator SIMMONS. Senator, what are the large uses of coal in this country now going on to save these elements that you say are valuable elements?

Senator KNOX. There is a tremendous impetus in the construction of by-product coke ovens. I suppose in the last three or four years there have been built \$30,000,000 or \$40,000,000 worth a year. The last statistics show that we are producing now about one half of our coke in by-product ovens and the other half in the beehive ovens, and the demand for the by-product ovens and the economies that will ensue from their use will be stimulated by a dye industry that will need the by-products in their processes.

The CHAIRMAN. We have several gentlemen here to-day representing manufacturers. The committee will first hear Mr. Gilbert.

**STATEMENT OF MR. ALFRED C. GILBERT, PRESIDENT OF
A. C. GILBERT CO., NEW HAVEN, CONN., REPRESENTING
THE TOY MANUFACTURERS OF THE COUNTRY.**

The CHAIRMAN. You represent the Toy Manufacturers' Association, Mr. Gilbert?

Mr. GILBERT. I do.

The CHAIRMAN. Are you a manufacturer yourself, or an attorney?

Mr. GILBERT. I am a manufacturer myself. I am president of A. C. Gilbert Co., New Haven, Conn.

The CHAIRMAN. Where is your establishment?

Mr. GILBERT. At New Haven, Conn.

The CHAIRMAN. What do you manufacture there?

Mr. GILBERT. We manufacture quite a diversified line of toys, and mechanical toys of various kinds.

The CHAIRMAN. These hearings, Mr. Gilbert, were supposed to have been closed, when unexpectedly the committee heard through some of the members and through the chairman about the desire of some of the manufacturers to be heard on the valuation part of the bill. Is that correct?

Mr. GILBERT. We appreciate the opportunity of being granted this permission at this late date.

The CHAIRMAN. You have read the hearings, have you?

Mr. GILBERT. I have not read them entirely.

The CHAIRMAN. You are familiar with them in a general way?

Mr. GILBERT. I am familiar with them, yes.

The CHAIRMAN. Will you go on in your own way and briefly state to the committee what you desire?

Mr. GILBERT. As I stated, I represent the Toy Manufacturers' Association, which is composed of 134 manufacturers in the toy industry, that stand for leadership.

First, I should like to visualize to you the two main reasons for the growth of this industry. First, by reason of its opportunities, and, second, by reason of its ideals and purposes, and I think that I can best visualize so you can appreciate what it means in this new industry by means of a chart that we have been able to keep of statistics through our association since 1913 to 1919, inclusive. When the association was formed we had 55 of the leading manufacturers in the association. This color on the chart represents the imports, and the black represents the American output. In 1913 we have pictured here the importation of toys into the United States, which represents approximately \$8,000,000, and these 55 manufacturers were producing at that time a business of \$5,500,000. In 1914 the importations had reached over \$9,000,000, and our domestic business had grown to \$6,500,000 practically. In 1915 we were beginning to feel our opportunity by reason of the war, which began to have its effects, and the importations had begun to fall off. They were then \$8,000,000, and the domestic business of these 55 manufacturers had grown to over \$6,500,000.

In 1916 we were beginning to feel the effect of the war in so far as the importations were concerned, when we dropped off to \$3,216,000, and the domestic business immediately began to grow into larger figures. I am simply referring to the production of these 55 leading manufacturers for whom we carried the statistics through up until 1919.

In 1917 but few goods were coming from Holland, representing an importation of \$1,500,000, and the business of these 55 manufacturers had grown to \$10,000,000.

In 1918, when we were just beginning to feel the opportunity again for goods to start coming in, although in buying when the department stores and large buyers had gone abroad, but the importations were beginning to increase up to \$2,000,000, and the domestic business was still aggregating \$10,391,000.

In 1919 the imports were \$3,000,000 and the domestic business of these 55 manufacturers had grown to \$15,000,000, or nearly \$16,000,000.

Since this chart was gotten out, we have secured figures that show in 1920 the German imports were \$4,238,000. We now have in the Association 134 members, and we were able to find that the business of these 134 manufacturers was \$40,000,000. It has been estimated by taking into consideration, as I have visualized to you, I think, the growth of the industry, as that is only a part of it—the domestic business reached the total of \$75,000,000.

I think I can picture that to you, although I must admit I am not prepared with what I would like to show—this represents the trade journal; this is the January number—I wish I had the trade journal for 1913, because we had about a 20-page issue then.

The CHAIRMAN. What is the name of that journal?

Mr. GILBERT. That is called Playthings. It deals entirely with the toy industry and its products which are advertised in this magazine.

I am going to leave that copy here, because it will give you some picture of what is being done in this industry.

There were in 1914, according to the census of manufacturers, 290 toy manufacturers in the United States, employing 7,887 employees.

In 1920 an estimate made by Playthings Magazine shows that there were 1,800 toy manufacturers, employing over 30,000 people.

Senator SMOOT. Mr. Gilbert, I suppose these figures are all right, but whether it were one-half the amount or four times the amount we would want to protect the industry. Let us get down to this bill here and see what you want. So far as I am concerned and so far as the committee is concerned, if it is necessary, we want to protect the industry, and it would not make any difference whether it was \$25,000,000 or \$15,000,000.

Mr. GILBERT. I was trying to make—

Senator SMOOT (interposing). What I want to get at is, what is it you want in the emergency bill?

Mr. GILBERT. What we want is—the point I was leading up to—that this business, as it stands to-day, needs immediate protection. I can make a concrete illustration of my point—in New York City in the month of February we held the largest toy fair ever held in the United States. This great group of manufacturers that I am trying to represent here were exhibiting there. There was practically not a single large buyer for this industry that was here in America; they had gone to Europe.

The point I make is this: We have built up an industry, first, I say, by reason of its opportunities, and second, its ideals and purposes. I want to bring home to you these ideals and purposes, because they interest every boy, every girl, mother, and father in the United States, because we have developed an educational side of the toy business never dreamed of before.

The CHAIRMAN. Mr. Gilbert, instead of expatiating on the growth of your industry, we want to know what your remedy is and what you want. We will concede your representations that it is a large and growing industry. Take that for granted, and tell the committee what you want and how you ought to be protected.

Mr. GILBERT. What we need is more tariff, and we need it because if this industry is worth preserving it is the only way it can possibly be done, and I frankly say to you that unless we can get an emergency tariff of this kind to protect these people we are not going to have any business.

The CHAIRMAN. Tell us what you want to get before this committee. Do you want this bill?

Mr. GILBERT. That is our purpose.

Senator McCUMBER. You want the proviso of 66½ per cent left in?

Mr. GILBERT. That is exactly what we want; it is the only thing that will enable this industry to live.

Senator SMOOT. If the proviso for 66½ per cent is stricken from the bill, and the balance of section 25 remains in, why would not that protect you?

Mr. GILBERT. I do not see where there is any protection in there, if I understand the thing correctly, without that.

Senator SMOOT. Oh, yes.

Mr. GILBERT. Mr. Amberg, who represents the metal trades, is more familiar with that, having studied the details of the bill.

The CHAIRMAN. Then I suggest Mr. Amberg come before the committee.

Senator McLEAN. Before this witness leaves the stand, I would like to ask him what their competition has been this last spring—March and February. Are the importations from Germany increasing now?

Mr. GILBERT. Tremendously.

Senator McLEAN. Have you any figures showing the importations in marks in February last?

Senator SMOOT. Of course, under the present conditions, if they have anything to bring into this country, they will be brought in. But under section 25 that will make a difference of 16 times the valuation. Will not that protect you?

Mr. GILBERT. That is the proviso—

The CHAIRMAN (interposing). I suggest Mr. Amberg address the committee on the details of this measure.

Mr. GILBERT. Mr. Chairman, with your permission I would like to have inserted in the record briefs I have here.

The CHAIRMAN. Without objection the brief will be inserted at this point.

(The brief referred to and some other briefs and memoranda later submitted by Mr. Gilbert are here printed in full, as follows:)

STATEMENT OF THE TOY MANUFACTURERS OF THE UNITED STATES IN RELATION TO DEPRECIATED CURRENCY.

The toy manufacturing industry of the United States is threatened with destruction unless something is done to change the condition now existing as the result of depreciated currency. It can not continue if the German mark for customs purposes is considered as having the same value as the mark in foreign exchange. The situation that we are facing can only be remedied by having invoice values reckoned on the value of the mark in its own country. This is what the depreciated currency in the emergency tariff bill as it passed the House seeks to do. All that the provision does is to say that no currency shall be considered to be depreciated more than two-thirds. In other words, all currency must be considered worth at least one-third of its normal value.

The provision is based on the supposition that there is no country with which we have important trade whose currency to-day is less than one-third its normal value in its purchasing power at home. There is a great difference between the value of the foreign currency in exchange and in its purchasing value at home. It is this difference that this part of the emergency tariff bill seeks to cover. The provision merely places for customs purposes a value on this currency of at least one-third and applies to invoice values from certain countries a figure that more nearly represents the home market value than does the foreign exchange value.

The exchange or banker's value of the mark is to-day about 1.6 cents. Its home value is, of course, greatly reduced below normal. It is not now worth approximately 24 cents, which is the value, but from the best information that can be secured from Germany as well as outside sources the home purchasing value of the mark when measured on the things that the workingman has to use and consume is between 7 and 9 cents. When he comes to pay his house rent he does not pay 15 times as many marks as he would when the mark was at par, which would be about the amount if measured at exchange rates of a mark depreciated from 24 cents to 1.6 cents. He pays 150 marks a month for rent. On the exchange rate this would amount to \$2.40. This is, of course, ridiculous. On the basis of a mark being worth 8 cents in purchasing value at home, this rent would cost him \$12, which seems to be a reasonable and fair adjustment of the mark status. Theater tickets cost 8 marks. According to the exchange rate, this would be 13 cents. Taken at the rate of one-third of the normal value, as the emergency tariff bill provides, this would make the theater ticket cost about 65 cents, which again seems to be a fair calculation.

The first Federal Foreign Banking Association, an association of international financiers and not pro-American, made an investigation of German wages last December. Taking 11 of the skilled trades in Germany, it ascertained that the average weekly wage, as measured in the exchange value of the mark, was \$3.47 per week,

while in this country for similar work it is at least \$30 per week. We know that those men were not working for \$3.47 a week, as measured in the necessities of life which the marks buy. Now, if we figure the real value of the mark to them as between 7 and 8 cents, instead of 1.6 cents, we shall find that instead of these German workmen receiving \$3.47 per week they receive about \$17 per week, as measured in the buying power of their wages. In other words, if the actual difference in wages was what the disparity in exchange would now indicate, a duty of two or three hundred per cent in many cases would be necessary to save American industries from being destroyed. By the adoption of this provision we say to the foreign manufacturer, "You must pay duty on something like the actual cost of your goods." Even measuring the difference in cost of production by the home value of the mark, instead of the exchange value, still there is an average advantage in labor cost in favor of the German manufacturer against the American manufacturer of \$17 as compared to \$30.

The other leading commercial nations have realized the menace which the exchange situation holds and have taken action accordingly. Great Britain passed a drastic law to protect what she calls her key industries, the toy industry being one of them. This law provided that when the exchange rate on the German mark falls less than a certain fixed figure that the difference be added as an additional duty when German goods are imported into England. This fixed rate at the time the bill was passed was equivalent to 5 cents in American money. German goods brought into England would pay, under this law, a duty of the difference between 1.6 cents and 5 cents.

All that the provision in the emergency tariff bill seeks to do is to have the duty assessed upon such difference between the exchange rate and the purchasing power at home. England deemed it necessary in order to protect her industries to take the whole difference between the exchange rate and the home market value as an additional duty.

The above bill, as a matter of actual procedure, was superseded by the 50 per cent reparation tax which was adopted by both England and France. A 50 per cent levy is equal to a tax of 100 per cent. It should be explained that while the intention is that a firm importing, say, £200 worth of German goods should pay £50 into the exchequer and forward the receipt along with another £50 in payment of the goods, and that the German manufacturer should collect the other £50 from his government, it is not expected that the German Government will be in a position to honor the bills, and in order that the manufacturer may get his £100 it will be necessary for him to invoice the goods at £200.

The tariff committee of the House of Commons has introduced a resolution for a tariff of 33½ per cent for a period of five years, in addition to the 50 per cent reparation tax, on all articles offered for sale in Great Britain below cost of production or at a price which by reason of depreciation in exchange is below the price at which similar goods can be profitably manufactured in Great Britain. This is to take care of the industries that are not considered as key industries and therefore affected by the other legislation. France has taken action to protect her industries against German depreciated currency, and other nations, such as Hungary, Norway, and Italy, are making similar plans.

Our interest in this equalization of exchange is due to the fact that the American toy industry is practically at a standstill on account of the volume of German merchandise which is being offered at ridiculously low prices. This condition affects not only new factories, which started during the war, but many of the oldest firms in the country.

There has just closed at Chicago the annual Chicago toy fair at which American manufacturers sell to the wholesale and retail dealers. This was immediately preceded by the New York toy fair which lasted for six weeks. For several years past the orders placed at these two fairs have amounted to from 85 to 90 per cent of the total annual production of the American factories. Up to date not more than 20 to 25 per cent of the usual business has been placed. Many factories have been shut down entirely for periods running from two or three weeks up to three months. This condition applies to two factories in East Hampton, Conn., two in Middletown, Conn., one in Marlboro, N. H., one in Chicago, and several in Ohio and Michigan. Some of these factories have been in business for more than a generation and were not affected by the German competition until it was possible for merchandise to be brought in at prices with which it is absolutely impossible for American manufacturers to compete.

There have been many failures among toy factories, and many firms of good standing will not be able to survive unless this condition is remedied.

Hundreds of buyers have gone to Germany and placed orders for enormous quantities of goods which are keeping the German factories running full time while American producers of toys are standing idle.

We are not unconscious of the conditions in Germany, and we have no desire to ask for protection that would work an unreasonable hardship, but when we are face to face with the situation in the American toy industry which must be solved or the business will be ruined, we are unable to consider other countries until our own business men and workers have been provided for.

The very existence of the toy industry depends upon a proper valuation of the German mark for customs purposes. It is an industry that has grown to large proportions as a result of the war. The American toy industry as it exists to-day is essentially a war industry, because the cutting off of German imports was what enabled our manufacturers to make many kinds of toys here which could never have been produced here in the face of German competition with only 35 per cent ad valorem tariff protection. These new toys are made by old firms which expanded their factories and by scores of new firms which have started up since 1914. These new firms in particular have invested capital in buildings and machinery, and that investment is now in danger. They have not been in business long enough to build up a reserve to carry them over one bad year caused by a flood of imports; 1921 will be that bad year, and firm after firm will be wiped out unless protection is afforded this new industry.

As evidence of the fact that American manufacturers realize the opportunity which the past few years has opened up to them, we find the growth of the industry from a total production in 1914 of \$13,756,748 to \$74,000,000 in 1920.

STATEMENT SUBMITTED BY THE TOY MANUFACTURERS OF THE UNITED STATES OF AMERICA (INC.).

I. This brief is submitted by the Toy Manufacturers of the United States of America, the national trade organization of the toy industry. It has a membership of 134 manufacturers who stand for leadership in the industry and is authorized to speak for 36 other manufacturers. Notice that we were to appear in behalf of the whole toy industry was given by letter to 440 other manufacturers. None objected to our acting as their representative.

In asking your consideration of the toy industry we request that you look upon it not simply as a producer of certain pieces of merchandise which can be picked up from a dealer's shelves and judged solely by color, design, and craftsmanship. We ask further that you give weight also to the thought that no American toy can be placed beside an imported plaything and appraised by a comparison of their material qualities alone, because "toys are live things to children; they are the children's playfellows. Next to the influence of parents, church, and school on children is the part toys play in the development of the youth of a nation."

In years gone by toys were native to the home country of the children—even to the village where they lived. The games children played trained the growing youth for their later life.

That is true of toys to-day, although it may be overlooked because toys are now made in factories instead of by loving hands of parents or neighborhood workmen. But the effect of toys on childhood is the same, and the skill which builds them and the spirit which animates them should be drawn from the nation which a little later on will need the leadership and inspiration of the youngsters who are at play to-day. American children should play with American toys, American in conception, American in quality, American in spirit.

One of the most successful manufacturers of toys for younger children has made it a rule that he will never produce a toy which is only a "jimcrack" and attracts because of its novelty. He requires that every toy he turns out shall bring joy to the kiddies who play with it and also leave upon the impressionable mind of the child something greater than the pleasure of the moment. That spirit is a basic essential to the success of an American toy factory, and the influence that flows out from that spirit must be saved for American children by providing a rate of duty which will enable the home toy industry to survive.

American toys are made for American children. The bulk of the toys imported into this country in 1920 were made by two countries which manufacture almost entirely for export. Which toys do we need here?

A NEW RATE AND A CHANGE OF CLASSIFICATION.

II. *The change we desire.*—Paragraph 342, Schedule N, of the tariff act of 1913 reads as follows:

"Dolls, and parts of dolls, doll heads, toy marbles of whatever materials composed, and all other toys and parts of toys, not composed of china, porcelain, Parian, bisque,

earthen or stone ware, and not specially provided for in this section, 35 per cent ad valorem."

We wish to recommend that this paragraph be changed to read as follows:

"Dolls, and parts of dolls, doll heads, toy marbles of whatever material composed, air rifles, toy balloons, toy books, and all other toys, and parts of toys, not composed of china, porcelain, Parian, bisque, earthen or stone ware, not specially provided for in this section, 60 per cent ad valorem."

The changes which we desire are the addition of the words, "air rifles, toy books, toy balloons," and the changing of the rate from 35 per cent to 60 per cent. Air rifles are now classified under paragraph 132, Schedule C, toy books under paragraphs 325 and 329, Schedule M. We ask for the changes in classification because in the judgment of the association toy books, toy balloons, and air rifles are obviously and essentially toys both as to their use and process of manufacture and should be classified as such for tariff purposes. Separate briefs will be filed by the manufacturers of these articles, stating in detail the reasons for the change in classification.

A PERMANENT BASIS.

III. *A minimum rate.*—In proposing this change in the tariff on toys we are asking only for the minimum rate of duty which we believe is absolutely required to protect the American toy industry under normal trade conditions. We have not asked for a high rate with the thought that a compromise might be effected. We stand firmly for the rate proposed and insist that it is the very least that will enable the American toy industry to live.

DEPRECIATE FOREIGN CURRENCY.

IV. *Rate of exchange.*—Our statement does not reflect the unusual conditions which exist to-day on account of the rate of exchange. The low value of the German mark affects every other industry as it does ours. To protect American business from the depreciated mark we suggest that a general paragraph be enacted which will provide adequate protection for all industries in emergencies caused by an abnormal rate of exchange. The condition to-day in the toy industry is such that practically any tariff would be inadequate unless the rate of exchange were equalized.

It is absolutely imperative for the preservation of the industry that this emergency be met before summer. Otherwise the domestic market will be overwhelmed with German toys and the hard-fought fight to establish an American toy industry will be lost.

GROWTH OF AMERICAN INDUSTRY.

V. The table covers the business of 55 of the members of our association from 1913 through 1919. This was the period of greatest expansion of the American toy industry and we have reported on these firms because they are the ones whose business we can follow during the entire period.

	Value.
1913.....	\$5,539,812
1914.....	6,485,207
1915.....	6,678,622
1916.....	8,717,506
1917.....	10,085,270
1918.....	10,391,254
1919.....	15,924,738

Different branches of the American toy industry which had to contend with severe German competition before 1914, expanded remarkably after imports stopped. An illustration is the development of the American doll industry. In 1913 there were not more than 14 firms making dolls in the United States and this year there are 142 doll factories.

INDIVIDUAL EXAMPLES.

VI. *Typical factories, old and new.*—A typical illustration of the effect which German competition had on one of the older American toy factories is the experience of one of our members who had been struggling along making mechanical toys for several years prior to the war. In 1919 this factory sold \$69,981 worth of merchandise. In 1920 this firm sold \$1,200,000 worth of toys.

A typical new factory is one which started making mechanical toys in 1914. They sold \$2,000 worth of merchandise that year, and only six years later, in 1920, they produced \$105,450 worth of toys. This factory is one which has developed entirely new and original merchandise absolutely unknown to the toy industry prior to 1914. It is

just getting on its feet, and with adequate protection it will be an asset to the American industry as a whole.

Scores of similar examples could be cited, but they would only serve to restate the experience of these new and old firms noted here.

As an example of the conditions in an average toy factory, we cite one in the State of Ohio. Last year this manufacturer sold \$410,354 worth of toys. He paid out \$171,358 in wages. This represented an average wage of \$1,317 for the 138 persons on the pay roll. Twenty-five per cent of the employees were women.

EFFECT OF THE WAR.

VII. *A war industry.*—The American toy industry as it exists to-day, is essentially a war industry because the cutting off of German imports was what enabled our manufacturers to make many kinds of toys here which could never have been produced here in the face of German competition with only 35 per cent ad valorem tariff protection. These new toys are made by old firms which expanded their factories, and by scores of new firms which have started up since 1914. These new firms in particular have invested capital in buildings and machinery, and that investment is now in danger. They have not been in business long enough to build up a reserve to carry them over one bad year caused by a flood of imports; 1921 will be that bad year, and firm after firm will be wiped out unless protection is afforded this new industry.

We repeat, the American toy industry is a war industry. Many firms had been in business for upwards of 50 years, but the business of 1914 through 1920 was made possible only by the absolute stopping of German imports. The continuation of the industry can be assured only by adequate protection.

IMPORTS.

VIII.—The imports of toys into the United States from 1913 through 1920, inclusive, were as follows:

Imports of all toys except dolls.¹

	Germany.	Japan.	France.	England.	All other countries.	Total.
1913.....	\$5,382,810	\$301,249	\$156,316	\$285,849	\$266,147	\$6,372,371
1914.....	5,926,941	434,006	206,194	420,859	279,523	7,267,523
1915.....	5,125,764	470,345	156,507	435,299	199,317	6,387,232
1916.....	1,758,663	494,248	98,554	137,306	56,003	2,544,774
1917.....	15,751	1,097,744	101,276	74,154	30,108	1,319,033
1918.....	1,435,535	44,395	26,533	22,290	1,528,753	1,719,973
1919.....	531,904	1,010,209	64,037	28,577	83,448	1,719,973
1920 (11 mo.).....	3,048,979	3,812,921	152,216	186,068	364,078	7,564,262

¹ We have arranged this table to show the five countries from which the greatest volume of imports came. France and England are the two countries which have stood third and fourth in order of value of toy imports into the United States from 1913 through 1919. During the first 11 months of 1920 Czechoslovakia took third place, with a total of \$199,300. Germany is coming back by leaps and bounds. This is the critical year, and relief must be afforded promptly to save many of the American toy firms.

Imports of dolls and parts of.¹

	Germany.	Japan.	France.	All other countries.	Total.
1913.....	\$1,537,964	\$1,505	\$8,776	\$14,939	\$1,563,184
1914.....	1,791,913	2,925	12,288	9,372	1,816,498
1915.....	1,661,511	4,250	5,699	26,671	1,698,131
1916.....	617,353	7,471	6,166	41,300	672,270
1917.....	3,294	108,608	8,508	2,724	123,134
1918.....	474,882	20,969	4,121	499,992	1,232,344
1919.....	451,825	742,537	20,432	17,549	1,232,344
1920 (11 mo.).....	1,021,297	1,659,622	19,307	54,707	2,754,933

¹ The importance of German and Japanese competition is demonstrated by this table which shows the big gap between the volume of imports from those countries and imports from the next country in order of value, France. The imports from all other countries besides the first two are negligible.

BRIEF SKETCH OF GERMAN INDUSTRY.

IX. *The German industry*—The following quotations are from a special report on the German toy industry prepared by Consul General Julius G. Lay, Berlin, Germany, January 5, 1917:

"The toy industry has developed almost entirely in Germany since the war of 1870. The most prosperous period, however, began in 1890. At that time customs relations were arranged on a better basis. Most-favored-nation clauses were developed in such a way that the industry was fostered. Manufacturers and exporters carefully studied the needs of foreign markets and their activities have greatly assisted the toy industry to reach the degree of perfection which existed before the war. A prominent personality in the toy industry has estimated that the amount of toys manufactured annually in Germany before the outbreak of the present war can be valued at from \$30,940,000 to \$33,320,000, of which \$24,514,000 (in 1913) were exported to foreign countries.

"*Sales to the United States*—The United States is Germany's largest customer in the purchase of toys. About a third or more of all the German toys exported are sent to the American market. The imperial statistics of foreign trade are so classified that toys are often placed with other commodities. The only table exclusively dealing with toys is that which stands under tariff No. 946. This table shows that in 1913 the United States purchased from Germany 19,573 tons of children's toys, while the total exports for that year were stated to be 56,599 tons, valued at \$24,593,730. German unofficial authorities estimate that the total value of all toys shipped to the United States in 1913 was \$7,560,000 marks (\$7,735,000)."

PERCENTAGE OF GERMAN TOY EXPORTS TO THE UNITED STATES.

X. *Imports from Germany*—From an unofficial estimate prepared by the Chamber of Commerce of Sonneberg, Germany, in 1913, it would appear then that about 72 per cent of the total German toy production was exported: the United States and United Kingdom took more than 50 per cent of the total exports from Germany.

The United States took one-third of Germany's exports for domestic consumption, whereas much of the imports into the United Kingdom were reexported and so did not affect the home market. America was the big market for German toys and we know that no form of competition will be overlooked by German firms in forcing their way back. There has come to our attention repeatedly evidence that there is no price limit when a German firm wants to injure an American house. The same system which has been employed by Germany to break the market on other lines of merchandise is used in the toy business. Toys at top of list of German imports.

If the exports from Germany to all countries of all commodities are arranged according to value, toys stand eighteenth on the list. But if we turn to the record of imports from Germany into the United States and arrange them according to value, toys stand second, and a close second. This was the case in 1912, 1913, and 1914, and the order was practically the same in the 10 years prior to 1914. So far as German trade with the United States is concerned, the toy industry is called upon to bear the brunt of cheap German competition.

GERMAN CHILD LABOR.

XI. *German system of production*—In the prewar times the regular German system of toy production was to send out various parts to families in the district around each toy factory. These parts were decorated by hand, put together by hand, and every member of the family, from the children as young as 4 or 5 years of age up to the grandparents worked on them from early morning till late at night. We understand that the wages received by an entire family were not as large as one workman earned in an American factory. American toy factories comply with the American standard of sanitation, hours, wages, and what is called the American standard of living. They rigidly observed the regulation in regard to the hours for women workers, child labor, and modern shop conditions. With such standards as are expected and required in this country (and which our industry believes in and supports) it is impossible for our manufacturers to compete with Germany unless adequate tariff protection is given.

AN EQUALIZATION OF COSTS.

XII. *Difference in cost*—It is not possible for us to present a comparison between the present cost of production in Germany and the cost of production in the United States. Conditions are changing so rapidly that any information that we might

have been able to obtain in the fall of 1920 would be entirely out of date now. As a matter of general observation we can say that the labor cost in this country was in 1914, 60 per cent higher than in Germany. The difference was still greater when Japan was taken into consideration. Our best information is that the labor costs in this country have risen more rapidly than in either Germany or Japan and we know that the higher standard of wages will be maintained longer in this country than abroad.

What we want is a duty that will protect the American toy industry in normal times. Our investigations, our comparisons of wage scales, our comparisons of prices in the last normal period (1913) showed a difference in production cost of toys between the United States and Germany of at least 60 per cent. For that reason we ask that a duty of 60 per cent ad valorem be put on all toys so that the American manufacturer can enter the American market on even terms with his foreign competitors.

A NEW MENACE.

XIII. *Japan.*—An analysis of the statistics of imports into the United States since 1914 shows that the country which supplanted Germany, as a source of imported toys is the one country in the world where sweatshop labor, home labor, child labor, low wages, wretched factory conditions, long hours, and other abuses are allwed. Japan in 1914 manufactured practically no toys, but she quickly recognized the opportunity to duplicate the cheap German toys with her cheap labor. Due to her well-recognized imitative skill she was able to quickly put upon the market a very large number of toys. Japan's low labor made it possible for her to undersell nations with a higher standard of living.

FOREIGN MENACE DOUBLED.

The fact that the place of Germany as a toy exporter was taken by a country with low standards of living is the best possible proof we can offer that German competition is the kind of competition which American toy factories should not be asked to meet. The import figures for 1920 show Japan just ahead of Germany in volume of imports into the United States. Japan will continue to make toys. Her toy business is almost entirely for export. This will mean that the American toy manufacturers instead of having to face only the low-priced competition of Germany will have double the volume of low-cost merchandise to contend with. American manufacturers can not compete with Germany alone under the present tariff. How much less will they be able to compete with two countries producing toys under labor and factory conditions which would not be tolerated here.

WHAT OTHER COUNTRIES HAVE DONE.

XIV. *European Governments aid toy industry.*—The nations of Europe which formerly imported practically all of their toys from Germany recognized as soon as the war started the need to develop home toy industries of their own so that their children might never again have to play with German toys. During the most critical periods of the war official aid was rendered to various toy industries with the purpose of establishing them on a firm basis so that they might survive after the war.

The Board of Trade of England organized an official fair in the spring of 1915 for the sale of toys at wholesale. That fair was made an annual event and the Government used every means to induce merchants to patronize it. The growth of the English toy business in four years was from an estimated production of \$2,000,000 worth of toys in 1913 to \$10,000,000 worth in 1916. Later statistics are not available. It was a policy of the English Government to grant exemption from military service to proprietors of toy factories and retail toy stores on the ground that they were building up an industry which was formerly controlled by Germany. The Government also made very liberal grants of raw materials to toy factories after the same materials had been denied to other lines of trade.

In France the toy industry was encouraged by an annual fair, and although no official statistics have been published it is our understanding that a very considerable toy industry was developed during the war.

In the very midst of the most discouraging period of the war the Italian Government held official exhibits of toys to show the Italian manufacturers what merchandise was in demand and to encourage the establishment of factories. No statistics are available, but the growth of that industry is partially indicated by the fact that some Italian merchandise was exported to England. Prior to 1914 Italy bought practically all of her toys from Germany.

The Swiss Government advanced money to finance the purchase of machinery and materials for the development of toy factories.

In Spain official exhibits were held in many cities to stimulate a home industry to take the place of the imports from Germany.

In Canada the department of trade and commerce arranged for a toy fair in 1916, at which both manufacturers and wholesalers were represented. The Government paid the expenses of the exhibit.

NO BOTTOM TO GERMAN PRICE.

XV. *Present conditions*—Up to this point we have held strictly to statements which refer to normal conditions. We wish to add an example of the character of the competition with which the American manufacturers are brought face to face to-day. A New York jobber is offering to the retail trade a German steel toy pistol out of stock at \$9 per gross. This pistol is considerably larger than one made by a member of our association but an exact duplicate in design and finish. The price of the American toy pistol to the same trade is \$13.75 a gross. The difference is not in price alone but also in size.

A further commentary on German toy competition is the report on conditions in England from Vice Consul Edward C. Cipriani, Leeds, England, dated September 28, 1920:

"Dealers are stocking them for the Christmas season. It is in toys, fancy goods, and cheap clocks that the resumption of German trade has been most apparent. There are now in Leeds warehouses and retail stores large quantities of German toys of almost every conceivable kind."

DUMPING.

XVI.—According to statements by Mr. D. B. Tattershall, of the British Toy Association:

"The Germans are doing their dumping very cleverly. They introduce attractive lines at prices much below cost as a beginning, and then bring out other things. One famous German firm has 30 different lines of dolls; 3 of these lines are being offered in England at less than it costs to make them even in Germany. That is to prepare the way for other orders."

As an indication of the conditions in Europe, we quote the following from a special report from Consul Hayre, Berne, Switzerland, dated November 10, 1920:

"Prior to the war Germany controlled the toy trade in this district. Only during the past few years (from 1915 on) have domestic manufacturers been able to compete in this line. Since 1915 practically the entire domestic demand has been covered by local or Swiss manufacturers."

"War imports prohibition were abolished by most countries during the summer of 1919. This gave Swiss manufacturers an opportunity of submitting samples of their products abroad, but it was soon evident that some of these manufacturers would not be able to stand after war competition."

The following are abstracts from a special report from Consul Lewis W. Haskell, Geneva, Switzerland, dated October 7, 1920:

"According to local papers the German authority has just forbidden imports of modeling sheets, picture sheets, picture books, paint books for water colors of Swiss origin under the pretense of shielding German editors from foreign competition, but the worst of it is that commercial travelers tried to market this kind of goods in Switzerland at the very same time. Thanks to the exchange, prices quoted are so ridiculously low that they do not even equal the wholesale price of the paper or cardboard employed by Swiss producers for the manufacture of these toys. Such deplorable conditions have caused numerous attempts to develop the toy industry in this district to result in nothing."

THE FUTURE DEVELOPMENT.

XVII. *What will happen in America.*—The last sentence will be true of the toy industry of America if tariff protection is not granted. Unless the present rate of duty is promptly changed to 60 per cent, one year from now we will be saying, "German competition has caused the attempts to develop a real toy industry in the United States to result in nothing."

When we stop to realize that 85 per cent of the total prewar imports of toys come from that country the effect of stopping German trade is too obvious to require comment.

In closing we ask you to put aside the volume of production, the invested capital, the number of employees, and turn to the real reason for protecting American toys—their place in American homes, and their effect during the impressionable years on growing children.

Toys are more than gifts for Christmas and birthdays. Childhood is impossible without play. Under modern conditions toys have become the means for play to most children. American toys must stay in American homes. There they will teach American ideals from the earliest years.

Respectfully submitted.

CHARLES E. GRAHAM,
President.

BRIEF OF THE DOLL AND STUFFED TOY MANUFACTURERS' ASSOCIATION, NEW YORK, CITY, REPRESENTING AMERICAN DOLL MANUFACTURERS.

GENTLEMEN: Whereas the present duty on dolls is specified in Schedule N, paragraph 342, reading in part as follows: "Dolls and parts of dolls, doll heads, 35 per cent ad valorem." We respectfully request that it read as follows: "Dolls, parts of dolls, doll heads, 60 per cent ad valorem."

What we ask is a change in rate of duty from 35 per cent to 60 per cent ad valorem.

REASONS FOR SUCH CHANGE.

We present here two principal reasons, as follows:

First. Under the present 35 per cent tariff before the war there was no American doll industry to speak of. During the war a large and prosperous industry was created through the absence of foreign competitive goods. Now that foreign goods are again available, a 60 per cent tariff is necessary to preserve this industry.

In 1914 there were only about 14 firms manufacturing dolls in America, doing business of about \$1,000,000 a year. These firms had to confine their efforts to the manufacture of what was known as rag dolls, and depended upon originality of design to secure sales. Their product was in every sense a novelty that had only one or at the most two Christmas-seasons sale and then had to be followed up by new ideas. This business was practically noncompetitive, since the designs were protected by American copyright.

Reference to the table of statistics below will show the rate of growth of the industry during the war, indicating that the volume of business has increased to at least ten times its former size. This increase during the period of the war is due to the fact that the American manufacturer entered the field with a product comparable with the dolls that were previously made in Germany. The American industry was built up to its present size with a product which could not be made in the presence of the foreign competitive market which existed prior to 1914.

It is officially reported in the organ of the German toy industry (Deutsche Spielwaren Zeitung Nuremberg) that the German Government has appropriated the sum of 2,000,000,000 marks for advertising German toys in foreign countries. This is a direct subsidy. A movement is also on foot to exclude the exportation of doll heads and parts of dolls, so as to force foreign buyers to buy completed dolls.

With prewar conditions now upon us and without an increase in tariff it is a certainty that this new American doll industry must revert to its former humble position and again confine itself to a seasonal novelty business.

American factory conditions, with sanitary regulations strictly enforced, prohibition of child labor, sweat shop, tenement house or home work, will not permit of unprotected competition with labor performed in the homes and hovels of Europe and Japan on the scale of living existing in those countries.

The most important exporters of dolls to this country are Germany and Japan. The German dolls come almost entirely from one section of the country where the thousands of skilled workers ply their trade in their own homes, and where each and every member of the usually large families is trained in making some part of the doll. A doll is a very complex manufacturing proposition, an immense variety of materials and skilled labor is needed to produce the fully dressed article, and to supply all this the entire population of this section of Germany is engaged. In each home, generation after generation, the family pursued some one of the various branches of the industry, taking its products to the factory where the parts are assembled.

Any record of the wages paid these people is, of course, not available, but a whole family at work from sunrise to sunset, from the smallest child to the oldest grandparent, under their own roof barely makes enough to serve meat once a week and black bread at other times.

In Japan the oriental idea of imitation has duplicated, as nearly as possible, the German methods of manufacture; the home is the factory, wages are very low, and the manufacturer's establishment is merely the base of supplies and the shipping

point. The statements given above are from the observation of an eyewitness who pretends this petition.

Contrast these conditions under which the imported doll is made with our modern American factory, where eight hours constitutes a day, where our State labor laws regulate conditions of sanitation, where child labor and home work on any part of a doll are prohibited by statute. (New York State labor law, art. 7, sec. 104.) These things cost money, but as a Nation, we believe they are worth what they cost, and that they make cleaner, better men of our workers, and produce a cleaner, more sanitary product. The American manufacturer should be held to these standards of employment and at the same time he must be protected with a higher tariff.

In brief, the fact is established that the American doll industry can not survive with a 35 per cent tariff, and it is our opinion, based on the best available data of comparison, that 60 per cent is the minimum rate of tariff that will enable the American manufacturer to continue in the doll business.

IMPORTANCE OF THE AMERICAN DOLL INDUSTRY.

Table 2 is presented herewith to give the Ways and Means Committee an idea of the growth of the business from 1914 to date. Of the 48 firms in business in 1920 only 10 were in existence before the war.

During 1914 the doll business of those firms amounted to slightly over \$1,000,000. The following year it increased 50 per cent, and by 1920 the annual shipments amounted to over \$9,000,000. We see the number of people employed increase from 450 to 2,000 in the seven years during and after the war and notice that the rate of wages are almost doubled during the same period. Of the \$9,000,000 gross receipts \$3,000,000 was paid out in wages to 2,000 people. A simple calculation will show that these employees, men and women, averaged \$29 per week for 1920, which is excellent pay for the class of labor that is used in doll making. (Note.—The average weekly earnings for all industries in New York State was \$28.93 in October, 1920, being the highest of any month in the year.) It will also be noted that 35 per cent of the total volume of the business is paid out to the employees as wages and salaries, thus indicating that, compared to the amount of business done, a large number of people is concerned.

Besides the 48 firms whose figures are included in this summary, there are approximately 100 other manufacturers of dolls in this country.

Growth of the doll manufacturing business, 1914 to 1920.

Year.	Total amount of business done.	Total amount of wages paid.	Average weekly wage.	Salaries and wages as per cent of total shipments.	Average number of male employees.	Average number of female employees.	Total value of shipments.	Number of firms in business.	Average amount of business done by each firm.
1914.....	\$1,100,000	\$294,000	\$17.50	38	251	202	\$1,095,000	10	\$109,500
1915.....	1,650,000	400,400	18.50	35	344	237	1,545,000	14	111,000
1916.....	2,400,000	529,400	17.00	31	514	367	2,481,000	17	150,000
1917.....	3,200,000	1,068,600	19.50	34	700	511	3,636,000	24	155,000
1918.....	4,000,000	1,047,500	21.00	32	684	609	5,359,000	29	185,000
1919.....	6,000,000	1,928,500	27.00	35	997	745	7,049,000	42	172,000
1920.....	9,000,000	2,533,700	29.00	35	1,255	934	9,311,000	48	195,000

NOTE.—The 10 firms in business in 1914 grew to 48 in 1920. The amount of business done by each firm increased from \$109,500 annually to \$195,000 and the average weekly wage increased from \$16.50 in 1915 to \$29 in 1920.

EDUCATIONAL VALUE OF DOLLS.

American industry, under war conditions, has provided for American children a doll the equal of the imported product and typically American. The war practically stopped the foreign supply of dolls and opened larger opportunities for the enterprise of the American manufacturers, who wrought a new era in doll making. They introduced the durable, and in many cases actually unbreakable, hard-body doll, which has come as a boon to the great mass of American children.

The great influence of dolls on the lives of young children has always been recognized. Their dolls should breathe the spirit of American character, expression, and dress. These dolls can be produced better by our own American manufacturers.

Dolls are the oldest of all playthings, and have always been characteristic of the country of origin. They have been found in the tombs of ancient Egypt, the catacombs of Rome, and in the Indian mounds and cliff dwellings of the earliest inhabitants of America. They mold the infant minds of future mothers, and should be national rather than alien in design.

We believe, aside from all commercial considerations, that the doll mothered by the American child should be American in every respect—in features, form, costume, and spirit.

The early ideals of the little woman citizen should be directed and influenced by the handiwork of American artisans.

BRIEF OF J. L. AMBERG, PRESIDENT OF THE AMERICAN DOLL AND STUFFED TOYS ASSOCIATION, NEW YORK CITY.

Having just returned to the United States from a three months' business trip to Europe, I wish to lay before the Ways and Means Committee certain information that I have acquired as to conditions abroad which may be of value to the members of the committee in the making of rates in the new tariff bill. I have been a frequent visitor to Europe on business trips, so that I am in a position to judge conditions as compared to those formerly existing, and have gained an acquaintance which permits me to ascertain what is the real truth of the situation.

In all industries Germany is without question the busiest country in Europe. There is less unemployment there than on the Continent or in the British Isles, where it has reached more or less appalling figures, as you can easily judge from statements daily in the press. As a matter of fact, it is frequently stated that there is actually a lack of labor in many industries in Germany. That there is likewise an insufficiency of housing there is no doubt, and this is evidenced by the fact that any German with spare room is compelled by regulation to take in boarders whether the station of the owner be high or low.

In toys particularly, where the industry during the war was much curtailed because of lack of export, the Germans have come back exceedingly strong. With one or two exceptions they seem to have ample raw materials, and although coal seems at times, according to their statements, to be lacking, there seems a great doubt regarding this for the reason that offices and hotels are so warm that at times it seems unbearable. In fact, various big plants and organizations have fixed their quotas for export for 1921, and these large factories we have been shown will easily be able to take care of a very great volume. It is true that they are substituting in a number of cases, such as using sheet metal instead of tin, but on the whole—even though not up to prewar standards—their merchandise is creditable. On cheaper lines, with a tremendous variation in exchange, which is about 1,400 per cent lower than prewar exchange, there is absolutely no chance for any nation on earth, irrespective of tariff or duty or regulation, outside of clear embargo, to possibly sell normal staple lines in competition.

With the exception at the moment of one quality of mohair plush, they are absolutely self-sufficient in manufacturing or turning out raw material. The German method of dumping or stifling competition was in evidence in Great Britain by the operations of a concern known as Bing Bros., of Nuremburg, a combination of about 20 toy and doll factories—known in Great Britain as the "German octopus." These people, when they found that alone in plush animals they could not compete decided that the way to break the market was to take over the managing director of one of the best known concerns—Farnell's—and put him into business for them in London. The very first plush toy they offered was a small size set of dog, cat, and rabbit—very staple items in sale—at prices about 33 per cent below the cost of production. This very staple line generally sold from 12 shillings to 13 shillings 6 pence per dozen. This they immediately cut to 75 shillings per gross, or 6 shillings 3 pence per dozen. The writer was assured by one of the most stable manufacturers that this very competitive line cost, without the faintest question, any manufacturer in Great Britain roughly not less than 10 shillings a dozen to make. The plush cost alone was higher than the selling price of this German animal.

In other words, the Germans, knowing that German toys could pretty well drive out most makers in cheap or ordinary toys, decided that the only game to play was to take a line that every store everywhere would have to sell at about 1½ shillings, and have the same sold for about half, or 9 pence.

My examples will show clearly how German competition right up to the moment was affecting Britishers, for the reason that I could see it as I traveled through Great Britain. The identical result I know others can show is accruing in the United States. Take, for example now, the toy train business. Germany has always made a great many of these and in models that were exact replicas of British or American railways. During the war two British concerns turned out very creditable lines. It is an open secret that of these two the Whitely Tanzley Co. (Liverpool) decided last month they could not possibly withstand German quotations, and decided it was cheaper to quit toy trains and tin mechanical toys. The other concern, British Metal & Toy Manufacturers (London), is at the moment seriously considering doing the same thing. I happen to know these people well, and for two weeks, with hundreds of buyers about, they sold nothing.

Take the case of rubber balls. Austrian and German goods have absolutely displaced such British articles because, as was shown us by Pickles & Co. (Glasgow), the British balls at to-day's exchange, even delivered at Glasgow, cost just double.

There are other lines of toys being sent very freely from Germany to every place in the world, such as composition toys, celluloid goods, and the like. But one of the most interesting of these cases is dolls. We can say as a fact that American dolls to the extent of thirteen to fifteen million dollars (wholesale selling price) were produced in the United States last year. Roughly \$10,000,000 worth were produced by about 50 makers, and the hundred other small manufacturers made from three to five million more. Among these, exactly as in Great Britain, are complete lines of fully jointed hard body dolls as well as kid dolls. I venture to say that the bronze dies and molds, with presses producing these, last fall in the United States cost various manufacturers many hundreds of thousands of dollars. And at the present moment these represent only a very nice mass of metal which might be offered for sale at a very low price unless industrial conditions are changed. The fact is that I saw dolls delivered in Newcastle-on-Tyne of the fully jointed type 24 inches with bisque head at a cost to the British wholesalers of 8 shillings each, or roughly at to-day's exchange under \$1.20. I have just discovered that various American makers quote as lowest jobbing prices the following:

- (a) Composition head, \$5 each. Bisque head (like German), \$6.25.
- (f) Composition head, \$2.75 each. None.
- (h) Composition head, \$5 each. Bisque head (like German), \$6.50.
- (b) Composition head, \$2.34 each. None.
- (c) Composition head, \$5.75 each. Bisque head (like German), \$5.75.

And these prices are f. c. i. factory in United States of America and not delivered, as in England. The American prices for 24-inch dolls cover various qualities, some not nearly so good as the German.

And the British doll manufacturers in a very few months, unless the proposed legislation goes through in Parliament, can be searched for unsuccessfully with a microscope. A few notable ones are still making heroic efforts to manufacture and compete, but there is not the slightest doubt but that this is definitely impossible. Germany is just 14 hours from British port across the North Sea, and manufacturers galore come right over by the hundreds and quote their wares. It was amusing if not heartbreaking to the writer, as well as to a number of natives of Glasgow, to note what happened at the end of January in the Glasgow City Hall. A German manufacturer of dolls by the name of Hachmeister was showing his wares, and by his room all day was streaming the city unemployed coming to collect their pittance. A sad commentary upon conditions. Some of these good people seeking sufficient to buy bread might not have been out of work were it not for German ruinous competition at the moment.

In kid and imitation kid dolls, like in the fully jointed dolls, Germany again has become predominant. Against them there is no opportunity for similar English and American kids to compete. This is due to their low manufacturing cost as well as the depreciation of the mark.

In Great Britain, as was pointed out by Mr. H. O. Roberts, of Roberts Bros., game manufacturers, at Gloucester, England, the importation of German toys for the first six months of 1920 was 120 per cent over the same period of 1914. The figures were dissected for a period of months and it was shown that 1,173,400 dolls had been imported into Great Britain for that period. If that continued at the same rate for the remainder of the year, there were sufficient German dolls imported for every eligible British child to have one. All other games and toys were so largely imported that, just as with American factories, orders were canceled, goods were left on the shelves, and considerable reduction accrued in the staff of business concerns.

As to expenses and cost of production in Germany, I submit the following: As is well known, a mark in the United States or Great Britain to-day is worth about

\$0.0175 (1½ cents). In other words, it used to be worth 14 times as much. If German costs had advanced 14 times we would be in the same condition as we were in 1914. But have they? All information received from innumerable sources, and compared time after time, would go to prove that the mark, instead of depreciating in Germany to any such extent, is worth about one-fourth or one-third of what it was in prewar days. By that I mean that a mark—which was worth roughly 24 cents—now has purchasing power of about 6 or 8 cents in Germany, whereas when we give them marks in return for merchandise we need only to pay a sum under 2 cents. Here is a very excellent example given to me by Mr. Creighton, of Todd, Cunningham & Petry—very large wholesalers in Scotland. Mr. Creighton left Germany on the 10th of January and spent five days at the Grand Hotel, Nuremburg (one of the very best), and that sojourn, including what is known as "early breakfast," cost him 180 marks, One hundred and eighty marks, as can readily be seen, figured either in shillings or more readily in dollars, is roughly \$3.50 for five days' hotel accommodation. Similar accommodation in Great Britain or the United States could not possibly be bought for five times that amount.

The average laborer or clerk receives roughly 1,000 marks a month. But this is very little indeed, because in dollars—with which we buy merchandise from Germany actually—this laborer only makes about \$4 a week. Besides, he is certainly not overpaid from his own point of view since a pair of shoes cost 500 to 600 marks and a suit of clothes from 1,500 to 2,000 marks.

There is not the faintest doubt in the mind of anyone who has traveled large towns as well as villages in Europe that the standard of living everywhere in Europe is very far inferior to our own. You will note that the average German worker to-day makes \$4 a week. You may likewise be interested in learning that the British manufacturers are at the moment up in arms at the new board of trade regulations going into effect this very month, February, 1921. These stipulate that no boy or girl of 16 years old may be employed for less than £1 a week (\$3.92 to-day). The writer was told by a number of established manufacturers that such a wage would work considerable hardship upon them since they have been paying new help 10 or 15 shillings a week. Compare the wages which a boy or girl starts at to-day in our line. They are not offered in the poorest and cheapest establishments less than \$10 or \$12 a week. As a matter of fact, last year in the doll business green boys and girls were taken on regularly by a dozen manufacturers at \$14 a week, but in Great Britain—to give them every benefit—they were not paying more than 15 shillings or \$3 a week at the same time.

It may properly be said that the cost of living is less, and in some ways it certainly is, although rents and food are just about as high there at the present time as they are here. Certainly the disproportion is enormous after considering everything, and is accounted for partially by their lack of ambition, to which must be added their standard of living so far below ours.

Because of untoward conditions in Germany, the purchases of toys and luxuries are very meager and our German friends are playing the old game of letting the rest of the world buy their merchandise. In this particular, I respectfully call your attention to a very remarkable fact. We are being rankly discriminated against by Germany in that they have an absolute embargo upon all toys and fancy goods against not only America but the rest of the world. They are very anxious to have us buy their goods, although they will not buy ours. Are we going to sit by and permit this to happen? Of course, as far as our exporting to Germany is concerned, we have a chance best represented by a large cipher.

Germany has placed an export duty upon her products, and part of this duty is immediately remitted to "deserving" industries for advertising or subsidizing where competition is difficult. It is stated that this subsidy for the toy industry will run into billions of marks. Manufacturers have been ordered not to make or ship certain commodities, so that others might be exported. For example, although there is a definite need for those who buy German dolls for parts or heads for repair, I discovered that at the present time, irrespective of price, these would not be sold. The theory, more particularly as espoused by Bing Bros. at Birmingham, England, was that they could compel people at present to buy complete dolls instead.

I can speak with absolute authority upon another phase of the British protection situation. Please note this carefully. In confidence I am glad to point out that the new bill, which is being reported February 15 to Parliament for action by Mr. Arthur (the head of the British Board of Trade), as it affects toys, has been passed on by the leader of the British toy industry, Mr. W. B. Tattersall, editor of the Toy and Fancy Goods Trader and vice president of the British Toy Association. Just two weeks ago a sketch of the final draft of the bill was shown to me, and it is as follows:

"In order to protect the British industry and make up for the disparity of exchange, Great Britain is unwilling to figure the mark roughly at 1 penny (less than 2 cents), but insists upon figuring it, in case it should be lower, at 2½ pence (roughly 5 cents). In other words, when German exchange remains under 5 cents for a mark, the difference between 5 cents and the actual exchange (to-day 2 cents) must be paid to the British Government in the shape of an import duty."

It is recognized, therefore, that actually under conditions as existing at the present time there will be within a month, I am assured, duty calculated at 150 per cent (the difference between a 2-cent mark and a 5-cent mark). Of course if the mark becomes more valuable, and as it approaches 5 cents in value, the duty becomes less but in effect the status of the cost to toy dealers is absolutely the same. This bill is called "Bill for purpose of stabilizing exchange for protection of British key industries," among which toys have been included. (The actual bill to be reported, which is assured of passing, calls for, in English money, a parity of marks amounting to 100 to the pound instead of about 240 to the pound, which is the present rate of exchange in Great Britain.)

The toy and doll industry is asking for a duty of 60 per cent. Of course this is done in the hope of better times and greater parity of exchange. At the present moment, under present exchange rates, the duty that is asked would be absolutely ineffective. We are making a conservative request, so that when times are less out of joint we may have a proper fighting chance for our industry to live. It is disheartening to have buyers for American stores go abroad and come back, as some have already, and tell us that they have "entirely finished with toy purchases." It is disheartening to note that 58 left recently for Germany on the steamer *Lapland*. We can only hope that we may get a proper opportunity, not to push one or two rag specialties, as we had to do in 1914, against German competition, but that we may have a real chance to compete on even terms in the American market with our foreign competitors; that there may be opportunity given to the toy industry to exist and to develop and to have the child life of America stimulated and educated by American-made dolls.

STATEMENT OF MR. J. L. AMBERG, REPRESENTING LEO SCHLESINGER & CO., 64-68 WOOSTER STREET, NEW YORK CITY.

The CHAIRMAN. Mr. Amberg, state your full name.

Mr. AMBERG. My name is Joshua L. Amberg.

The CHAIRMAN. What company are you associated with, or firm?

Mr. AMBERG. I am representing here to-day, as a manufacturer, Leo Schlesinger & Co.

The CHAIRMAN. Where is that company located?

Mr. AMBERG. At 64 to 68 Wooster Street, New York City.

The CHAIRMAN. Are you here as an attorney or a manufacturer?

Mr. AMBERG. If you please, I am here definitely as a manufacturer. I am personally a manufacturer of toys.

The CHAIRMAN. You are associated with the firm of Schlesinger & Co.?

Mr. AMBERG. I am.

The CHAIRMAN. Proceed briefly in your own way to state to the committee what relief you want.

Mr. AMBERG. I was not going to talk on toys and dolls, in which I have had an experience of my own lifetime. I am just back from abroad, and I have tried in my small way to study conditions to the best of my ability as they obtain both here and in foreign countries, as affected by German competition primarily.

What we want, Mr. Chairman, is the disparity of exchange feature in that bill retained. That is your question; that is my answer.

Senator SMOOT. The 66½ per cent proviso here goes beyond that. The balance of section 25 preserves that parity, if that is what you want.

Mr. AMBERG. The parity of 24 cents on the original value of the mark, is it not?

Senator SMOOT. But, when we put in the 66 $\frac{2}{3}$ this parity is not maintained, but five times the parity.

Mr. AMBERG. You mean instead of one and a half, it will be 8 cents?

Senator SMOOT. Instead of one and a half it will be 8 cents.

Mr. AMBERG. If you please, that is what we think we would require.

Senator SMOOT. Why do you require it?

Mr. AMBERG. If you will give me a few minutes, I will try to tell you.

Senator SMOOT. You are asking for a parity, and then when we give you a parity you want five times the amount.

Mr. AMBERG. No; I want the possibility of getting away from the disparity between exchange value and the purchasing power of the mark in Germany and here. That is what I mean by "parity," a parity in purchasing power and not parity of one and a half cents, or one and two thirds of the actual mark.

In the first place, on this parity proposition, the parity that we require—an opportunity to compete with Germany, which we can do when the mark costs one and a half, and when we pay one and a half, approximately, for it. I would like to show, if I can—and this is exactly on the subject—how this works out in the matter of toy and metal goods. The present duty on toys is 35 per cent. A mark at 1 $\frac{1}{2}$ cents, or, let us say, for simplicity, 100 marks for a dozen, will bring it to \$1.50. I happen to agree entirely with the importers when they say it costs \$3, or 3 cents a mark, to land that in the United States. I quote one of the very largest importers by name, Bing Bros., of Nuremberg and New York, who are German importers. Mr. Bing says that if we bring into effect this section, this disparity of exchange—we want the exchange section of this bill—that the change of 3 cents a mark landed cost, one and a half over there, 3 cents delivered here—will bring it up to about 5 $\frac{1}{2}$ cents landed. That is very readily arrived at. One and a half a mark, with 35 per cent duty, brings the duty, together with the landing charges, as I say, up to another 1 $\frac{1}{2}$ cents. If you make it five times that, Senator, in accordance with the provisions of the bill, or 8 cents per mark, it will bring, instead of 35 per cent, 175 per cent duty on toys. In other words, there will be an extra duty at the present valuation that we require of 140 per cent, or 1 $\frac{1}{2}$ or 2 $\frac{1}{2}$ cents. That is, 3 cents landed ordinarily, and 2.1 brings it up to a little over 5 cents. For the sake of argument, I want to agree with the importer who says it costs from 5 to 10 cents.

I can show you a toy purchased in the city of Washington in a department store this morning to prove this point. Take a mark at 6 cents, which is about what it is worth under the bill proposed and passed by the House. This trumpet [exhibiting metal toy to the committee] cost this morning in a department store in this city 10 cents. This trumpet would ordinarily cost this department store from \$6 to \$9 a gross. They sell at \$14.40. A trumpet like this from Leo Schlesinger is to-day purchased for \$19.50 a gross against possibly \$9.

You see, under the bill, as I pointed out, the 35 per cent duty will almost double the German cost, and if those came in at double the German cost, landed at \$6 or \$9, it would be \$18 against \$19.50, American selling price, in such quantities as wholesalers sell.

I offer another example—toy trains. A toy train consisting of three cars, and a heavier train than the American, with an automatic stop, at 6 cents per mark, which is the limit under the proposed bill, will cost \$10.50 brought in, landed in New York, sold by Bing, of Nuremberg. This same train, with one car less and no automatic stop, is produced to-day and sold by a Chicago manufacturer—I have the names of every one, but nobody cares to have them—for \$10.50. In other words, the Germans could readily compete. It is about the same.

I have a case here of a game called "the hat in the ring," where you toss a hat into the ring, like our friend Roosevelt said he would do, from a New York importer whose name I can supply, which retails at 25 cents. The same game made by a manufacturer in Massachusetts retails for 50 cents. Mind you, I am always telling you that this 25-cent selling price against 50 is figured on this bill. I say to you that under the bill as it was passed by the House, and which we respectfully urged that you pass, we will nevertheless give the German importer the opportunity to compete, because with the tremendous disparity of the mark to-day we can not compete, even with that bill in force.

Senator SMOOT. Not with the 66½ provision?

Mr. AMBERG. No, sir; we can not. The price I gave you figures double the price of bringing in.

Ordinarily that game would retail for about 10 cents. Is that clear, Senator?

Senator SMOOT. Yes; I understand it thoroughly. But I do not see how we are going to do it. You will say this will not keep the German goods out. What on earth do you want?

Mr. AMBERG. We do not dare tell you how much we ought to have, because it would not be accorded us.

The CHAIRMAN. You want an embargo?

Mr. AMBERG. No; we do not ask that, if you please. We ask that you take two items, as indicated. This [indicating] and this is German. This is \$9 a dozen. And this is \$19.50. Take your choice. Will you buy the American? All we want is an opportunity to directly compete; that is all we ask. We are not trying to keep them out. Naturally we would be glad to.

The importers will naturally tell you—and from what reading I have done, they have told you—that this bill passed the way it is promulgated will absolutely curtail the importations. I can give you, again, examples of a number of importers who say that is not correct. Note the examples I have just read you, and I have four or five more who say the same. Even with this bill in force, the American product must cost double.

I quote here from a large retailer in Baltimore, who has given me these figures, which I copied down, taken from two stores in New York, and he says he will certainly buy the imported stuff even if a mark is figured at 3 cents instead of 6 cents as it will be calculated.

Senator SMOOT. Do you think this committee can go to work and put a rate in here which will take care of a few million dollars worth of manufactured toys and be an absolute embargo on half a billion of dollars of importations?

Mr. AMBERG. If you please, no; nor could we properly request it.

Senator SIMMONS. How much duty would it take?

Mr. AMBERG. It would take, roughly, to-day 200 per cent. It is very difficult to say on all items, because some need less and some more, but only because of the enormous disparity in the difference of the purchasing power of the mark.

Senator McCUMBER. Do you mean to say that it costs 200 times as much to produce those trumpets in the United States as in Germany?

Mr. AMBERG. Two hundred per cent—that is, twice.

Senator SIMMONS. A tariff duty which would be sufficient to protect him—he would have to ask for 200 per cent.

The CHAIRMAN. Why is this enormous discrepancy in the price of production of German and American toys?

Mr. AMBERG. That is a point I would like to develop, and I would like to develop it not only in respect to toys, but I would like to develop it for hundreds of thousands of American individuals who understood, as we did, that the Senate committee were not going to hear manufacturers, but only experts. We offered and submitted briefs to the Ways and Means Committee, and we did not think we would have an opportunity here; and I thought, following the other gentlemen, I would give you some facts from my own knowledge and experience.

The CHAIRMAN. The committee is not willing to hear a protective argument, because that will come only with the permanent tariff bill, but we are willing to hold a hearing on valuation and dumping.

Mr. AMBERG. If you please, I am sticking to my text on the emergency part and not only on the emergency exchange—

The CHAIRMAN (interposing). In order to gratify my personal curiosity regarding the discrepancy in regard to the enormous difference in the cost of production of these toys, I addressed an inquiry to you.

Mr. AMBERG. If you will allow me to dilate upon that I will be very grateful. To come to this point on the straight basis of production costs and selling prices, it is almost impossible and unbelievable that producers in competing lines are in a position to underbid us because of conditions obtaining in certain European quarters where the home purchasing power of their currency is so much greater than its actual value in dollars. A few words tending to analyze the reason for such conditions might perhaps be more advantageous than mere heated arguments and personal opinions.

The chief elements in the price of a manufactured item are as follows: Labor, raw material, capital overheads, management overheads, and profit.

There are thousands of Americans affected by this competitive condition, but manufacturers or associations are in many cases not in position to procure the comparative wages of labor abroad and in the United States. Of the number that appeared before the Ways and Means Committee this year, 112 industries were able to cite exact comparative wages for the same operation in Germany and in the United States in the year 1920.

Gentlemen, an exact average for these various industries shows that the American workman is paid \$37.68 against the German worker's \$5.36.

Senator SIMMONS. We had some experts here Saturday who said that the German wage was very much less than it is here, but they were not able to give us accurate information as to the difference in the cost at this time to Germany of the raw materials used, and especially the coal that is consumed in the production. Have you any information on that?

Mr. AMBERG. I have information on the material.

Senator SIMMONS. It is just as important in determining the cost to know what the cost of the materials is as it is to know what the cost of labor is.

Mr. AMBERG. Right.

Senator SIMMONS. You are coming here now to make an argument to us with reference to the cost of production. Have you brought with you any statistics to show what is the material cost; or have you confined yourself simply to the labor cost in your investigations and in the facts you are going to present to us?

Mr. AMBERG. No; I have tried wherever possible to get the material cost. However, that is exceedingly difficult to procure. The labor costs in most industries amount to from 25 to 50 per cent, and the material costs I can only get at by showing the prices they are selling at.

Senator SMOOT. That \$5.75 in Germany for wages, is that on the basis of 1½ cents?

Mr. AMBERG. A cent and two-thirds—\$5 against \$37 in 112 industries cited individually by each of these industries before the Ways and Means Committee.

Senator McCUMBER. You are giving all of these statistics in American dollars?

Mr. AMBERG. I am giving all of these statistics in American dollars, taking the German mark at 1½ cents, which I would like to read in order to give you every benefit of it.

Senator SIMMONS. Are you not going to give us any information about material costs?

Mr. AMBERG. I am going to give you what I can. The labor cost is what you can get at, and it is very difficult to get at the material cost.

Senator SIMMONS. It is just as important that we should know the material costs as that we should know labor costs in working out this problem. That is something you must have understood before you came here.

Mr. AMBERG. As a manufacturer, I must.

Senator SIMMONS. Why did you not bring us something of that kind?

Mr. AMBERG. I have been unable to get it.

Senator SIMMONS. You have been to Germany and got the labor costs; why did you not get the costs as to material?

Mr. AMBERG. I have given you some material costs, but I have not any great amount. In certain items it is very difficult. They would not give it to me.

The most favorable comparison between the weekly wage of American and German workers is upon razors, where it would be a

7-to-1 shot. The American average wage is \$30.50; the German average \$9.72, approximately 3 to 1. On the other hand, such glaring disparities are evident in industries like pressed or blown glass. American average wage, \$54; German wage for same work, \$4.65. Cold-rolled steel, American wage, \$60; German, \$3.45. Lithograph workers (an important competing industry in the United States and Germany), American wage, \$40; German, \$4.21. Asbestos workers, American, \$25; German, \$1.50. The average, however, as stated, is approximately 7 to 1 in favor of the German.

Senator REED. What are you reading from?

Mr. AMBERG. I am reading certain notes of my own.

Senator REED. What is the authority for that statement?

Mr. AMBERG. The authority for that statement is the report of manufacturers in that line before the Ways and Means Committee, which was gotten out in pamphlet form by the Ways and Means Committee.

Senator REED. What was their authority?

Mr. AMBERG. I regret to state I can not tell you. As to the authority on comparison of wages, just as when I was in Germany I found that the workers were getting 250 marks a week, or \$3.90, which is exactly the same.

These are from the associations who have investigated themselves.

The industries which are, because of the tremendously low valuations of the mark, finding it impossible to compete, are so various that it might not be amiss to name a few. Some of them I am not even sure I can pronounce the names; some of them I am not so sure I can even give you a definition of, because they are so varied. In other words, thousands and thousands of industries besides us find it impossible on the first item I am bringing to your attention—labor—competing with the Germans. I will read a few of these 112: Bariums, chemicals and pharmaceuticals, ultramarine blue, wool grease, carbon, optical glass, pressed and blown glass, stained glass, buckles, snap fasteners, clocks, cold-rolled steel, cream separators, knives, scissors and shears, nickel, nippers and plyers—I can go right on—ivory buttons, dolls, feathers and flowers—and give you easily 112.

Senator McLEAN. The importers who testified before this committee a few days ago introduced invoice after invoice of goods manufactured in Germany at higher cost than in this country.

Mr. AMBERG. Higher cost depending upon what, if you please?

Senator REED. Dollars.

Senator McLEAN. I do not know—dollars.

Mr. AMBERG. You mean certain items cost more to bring into this country or less?

Senator McLEAN. Cost more to produce in Germany than in this country.

Senator SMOOT. I understood this, that the invoice to America was at a higher cost than they sold the same goods in the same country.

Senator SIMMONS. No; I did not understand it that way.

Mr. AMBERG. It is impossible.

Senator SIMMONS. Here is what I understood him to say, and I want to ask this witness about it: There are a number of experts connected now with the customs service of the Government, and I understand them to say that the things that were coming in from Germany at

this time were invoiced for the purpose of taxation at a higher price than they brought before the war?

Mr. AMBERG. That is it; that is the point.

Senator SIMMONS. And that the amount of duty they were paying under the present law was greater than the amount of duty which they paid under the same law before the war?

Senator SMOOT. They are doing it and the witness stated both conditions, as I recite them and as you recite them.

Senator McCUMBER. They went even further than that, Mr. Amberg. They had witnesses to testify that the cost of production in Germany had gone up just in about the same proportion as the paper mark had gone down?

Mr. AMBERG. Gentlemen, that is absolutely inconceivable.

Senator SIMMONS. One gentleman was engaged in American chairs and German chairs.

Senator McCUMBER. That was Czechoslovakia.

Senator McLEAN. And Austria.

Senator SMOOT. That was not Germany.

Mr. AMBERG. We want an emergency bill until we can get a proper tariff that will ordinarily protect us under normal conditions—conditions are frightfully abnormal. Conditions in Germany in labor costs, in purchasing power of the mark, are so great a disparity as compared with normal that it is unfair to let thousands of American industries wait while Germany dumps goods in here. Germany, in 1921, delivered nine times as much as she did in 1919.

Senator McLEAN. The importers stated that the labor cost there was but very little more than in this country, because of the inefficiency of labor there, if my recollection is right.

Senator SIMMONS. They said it took three men to produce over there what it would require one to produce before the war.

Mr. AMBERG. Will you please tell the committee how they can bring into this country 16-inch imitation bisque dolls delivered in New York to the firm of Montgomery, Ward & Co. for \$6.80, when our firm and another firm must get for that doll from the wholesaler \$30? If their labor was inefficient, if its cost was so frightfully high, how can they bring it in?

Senator McLEAN. I am merely stating what they claimed before the committee, and they have invoices to prove their statements.

Mr. AMBERG. And their statement is that the German laborer, as I get it, is only about one-third as efficient as ours?

Senator McLEAN. That is what they said.

Mr. AMBERG. I wish I could believe that in regard to the Germans.

Senator McLEAN. But the main reason for the increase in the cost of production in Germany comparable with the price here was due to the inefficiency of labor.

The CHAIRMAN. They stated that since the war the German laborer did not have the efficiency or the "pep" that he did prior to the war and was not as efficient a workman.

Senator SMOOT. You referred to razors and pocketknives. The comparisons of prewar prices with the present export prices are as follows, and this statement is furnished by Mr. Fix, one of our officials at the customhouse at New York: Razors, the prewar price, marks at \$0.238, 1.686; United States dollars at that time, prewar, was

\$4.01 per dozen razors. In 1912, with marks at \$0.016, is 315 marks, and in United States money is \$5.04, which shows an increase in cost of the same razor over prewar prices of 25 per cent.

Mr. AMBERG. Yes, sir; I follow you exactly.

Senator SMOOT. Now, pocketknives: Pocketknives, marks at \$0.238, were 22.80; prewar prices reduced in United States dollars, \$5.43; marks at \$0.016, 626.80, and in United States money \$10.03 per dozen, which is about 95 per cent increase over the prewar cost.

Mr. AMBERG. There are examples where it will show lower, \$2.26 against \$2.

Senator SMOOT. I see there are some reductions.

Mr. AMBERG. I have no doubt some are higher and others lower.

Senator McLEAN. I am speaking about the testimony of the importers the other day who presented invoices to show.

Senator SMOOT. These are actual cases.

Senator McLEAN. That is all right. But I am trying to reconcile the testimony of the different interests here. Here is a witness whose testimony greatly varies, if I understand, from the testimony given by the importers.

Mr. AMBERG. If you please—

Senator SIMMONS (interposing). As I understand it, the testimony of the importers and the testimony of the Government experts was about the same on that point—very little difference.

Mr. AMBERG. If the importers, gentlemen, have told you that the labor in Germany is one-third as efficient as prewar, and that therefore all this disparity is made up that way, I must respectfully insist that they are entirely incorrect—most unfair to you and to us.

Senator McLEAN. What is the fact about it?

Mr. AMBERG. I would say that the German labor is every bit as efficient as the American. I would say that the German is the only nation which has such a wonderful industrial system and such a knack for finishing perfectly, so that no other nation, including the United States, competes.

The CHAIRMAN. Mr. Fix is here, and I would like to call on him to illuminate this difference of opinion.

Senator CALDER. I want to ask the witness a question: What is the present duty on toys?

Mr. AMBERG. It is 35 per cent.

Senator CALDER. As I understand your statement of a moment ago, the duty under this would be 175 per cent?

Mr. AMBERG. Right.

Senator CALDER. What percentage do you ask for in the permanent tariff law?

Mr. AMBERG. In the permanent tariff law we ask for what would be the limit under normal conditions, and that would be 60 per cent duty. This is an emergency measure, as I understand it.

Senator CALDER. Now you come and ask for 175.

Mr. AMBERG. Because of the tremendous disparity of the mark.

Senator SMOOT. In other words, if it was 60 per cent it would be 300 per cent now?

Mr. AMBERG. We should not ask for that; it would not be reasonable. This is temporary, is it not, Senator?

Senator SMOOT. We hope so.

Mr. AMBERG. It is to get away from the terrible difference in the—

The CHAIRMAN (interposing). Mr. Fix is here and several members of the committee have asked me to inquire whether he can illuminate this matter.

Mr. FIX. The figures I submitted in the form of a table are the figures obtained from the New York appraisers giving the actual import price of merchandise at the port of New York, and some of which figures were confirmed through investigation through our foreign agents abroad. They have no reference at all to the cost of production, except that they naturally include in that cost of production; as to what profit or general expenses may be added to them, I do not know. But they are the actual prices of goods sold to the United States importer.

Senator CURTIS. That is, giving the difference in the sales price now as compared with the prewar sales price, showing the increase was greater than the depreciation of the mark, as I understand it?

Mr. FIX. Yes, sir.

Mr. AMBERG. Only in some cases less; and in some cases higher.

Senator SMOOT. I think there are only about one or two that are less. Beaded trimmings are less.

The CHAIRMAN. They are all higher.

Mr. AMBERG. May I, in justice to the American manufacturers, say this in regard to that list? If that list shows 25 higher and in some cases a little lower price to-day for the same item compared with the prewar cost, we must not overlook the fact that the American products cost more than 25 per cent more prewar. If the importers are correct, we admit frankly that then we must certainly have more, since our products cost a percentage more.

Senator SIMMONS. Some witness said that the increase in the German price was about the same as the increase in the American price.

Mr. AMBERG. That is not correct.

Senator McCUMBER. Mr. Doherty gave his testimony, which appears on page 89 of the hearings, and he covers mostly hardware and surgical instruments, and if you will look at his table you will observe it shows the increase in the cost of production in Germany on an average more than double. For instance, take Kocher's forceps, 6-inch, shows the prewar price in Germany was 20 cents, while the present price is 40 cents; M. O. knife, prewar price 23 cents, now 35 cents; Mathew's needle holder, prewar 40 cents, now 85 cents; needle holder again, prewar price 45 cents, now 85 cents; straight scissors, were 13 cents, now 25 cents; and farther down here, tooth forceps, 45 cents—I am giving the 1914 price in Germany—now cost \$1.06 in Germany. Then, farther down in the table, Tarnier's forceps, obstetrical, in 1914, were \$2.86 in Germany and are now \$6 in Germany.

Well, taking the list here of some 20 articles, he shows that the increase in cost of production in American and in German manufacture indicates they have gone up about twice.

Mr. AMBERG. May I, in fairness, point out two very salient facts?

Senator McCUMBER. Certainly.

Mr. AMBERG. They are giving you examples, as you say I am, of where the merchandise has gone up. I will give you a dozen ex-

amples of where the merchandise has gone down as much as 80 per cent, where they can produce, as I say, a doll and bring it here at \$6.80 against our \$30.

Senator REED. You say in Germany they produce dolls for \$6 for which you have to get \$30 for?

Mr. AMBERG. That is correct.

Senator REED. Is that a single doll?

Mr. AMBERG. No; that is one item of a line of dolls. I picked out one particular item.

Senator REED. Is that one doll or a dozen or a gross?

Mr. AMBERG. That is a dozen.

Senator REED. So that you say in Germany in normal times they can produce dolls at one-fifth what we can in this country?

Mr. AMBERG. I do not say that. I say because of this terrible disparity, four or five times, in the purchasing power they can do it to-day—just the contrary.

Senator REED. In normal times what can they do?

Mr. AMBERG. In normal times this particular doll was not made.

Senator REED. Leave this out.

Mr. AMBERG. In normal times, if we have 60 per cent protection, we can compete, and that is all we ask.

Senator REED. You can not compete unless you have 60 per cent?

Mr. AMBERG. To-day we can not begin to compete.

Senator REED. In normal times you could?

Mr. AMBERG. I think not.

Senator REED. You think there is no chance for you to do it at less than that in normal times?

Mr. AMBERG. Personally, with less, I think not.

Senator REED. So you think this country ought to continue to pay 60 per cent more for its dolls than they can get them for, and that you never expect to be able to compete, but always expect the American people to pay 60 per cent to support your industry?

Mr. AMBERG. If you please, that is putting it by drawing conclusions in the extreme case. American standards of living, which we must naturally come to, are higher, and the American workmen will not work for the same price; and in that industrial sense we have to have a protective policy in order to afford protection for our industries here.

Senator REED. I have heard a good deal about this matter of building up an industry, with the idea that after built up it would then be able to compete, and therefore we were justified in taxing the people for a certain given time in order to help it to be built up?

Mr. AMBERG. Right.

Senator REED. But you are in a permanent condition of disability and you never can compete?

Mr. AMBERG. I can not tell you that; I can not figure 10 years ahead.

Senator REED. You can not look far enough into the future to prophesy. About how many people do you employ in your factory?

Mr. AMBERG. In our own factory?

Senator REED. In all factories making dolls.

Mr. AMBERG. Four thousand to five thousand.

Senator REED. How many babies in the United States have to have, under the indulgence of their parents, dolls?

Mr. AMBERG. I would say perhaps fifteen or twenty million babies.

Senator REED. And you want to tax 20,000,000 babies——

Mr. AMBERG (interposing). If you please, we are living under a protectionist régime, and we built our factories and our business and investments and employed our labor under that régime, and at the present time we are but existing like thousands of other American industries.

I made one point that I would give you case after case where Germany can produce at half and as low as one-fifth of the American cost. The importers will give you cases where they can produce at a dollar.

Senator McCUMBER. Can you tell us what it would cost to produce that trumpet in Germany and in the United States, and we will then have a concrete case.

Mr. AMBERG. I cannot tell you what it will cost to produce in Germany; I can not get at their books, to find out what it would cost them to produce in Germany.

Senator McCUMBER. It was made in Germany, you say?

Mr. AMBERG. Yes, sir.

Senator McCUMBER. And sells for 10 cents?

Mr. AMBERG. In a department store in Washington it was purchased at 10 cents.

Mr. McCUMBER. Or \$14.40 a gross?

Mr. AMBERG. Right.

Senator McCUMBER. What does it cost to make it here?

Mr. AMBERG. \$16.50.

Senator McCUMBER. A gross?

Mr. AMBERG. Yes, sir.

Senator McCUMBER. So Germany makes this trumpet, pays all the expenses of selling, transportation to this country, the profits to the jobber, profits of the retailer, and sells it at 10 cents. and she must make a profit?

Mr. AMBERG. Quite correct.

Senator McCUMBER. At least the man who sells at 10 cents is making a profit of 50 per cent?

Mr. AMBERG. Or more. This does not cost him over \$7.50 a gross against the American selling price of \$19.50.

Senator REED. Let me follow my line of questioning a bit further. You represent what factory?

Mr. AMBERG. I represent the Schlesinger Co.

Senator REED. Is that a corporation?

Mr. AMBERG. Yes, sir.

Senator REED. How much capital have you?

Mr. AMBERG. I cannot tell you.

Senator REED. Well, can not somebody else tell you?

Mr. AMBERG. \$750,000.

Senator REED. What were your profits last year?

Mr. AMBERG. Roughly?

Senator REED. Roughly; I do not ask you to give it to a cent.

Mr. AMBERG. I cannot really answer your question.

The CHAIRMAN. What were they last year?

Mr. AMBERG. Perhaps Mr. Levy, who is here, can answer that.

The CHAIRMAN. What position do you hold in the company, Mr. Levy?

Mr. LEVY. I am head factory man.

The CHAIRMAN. Is there no one here in the toy business who can state what the average earnings have been in the industry?

Mr. AMBERG. I will state in the other business, which I am thoroughly conversant with, 8 or 10 per cent, because of the tremendous writing off of raw materials.

Senator REED. What was it the year before?

Mr. AMBERG. Not over 10 per cent.

Senator REED. That was this year, because you wrote off a lot of raw materials. You did not do that last year; you were not writing off the lump?

Mr. LEVY. The year before, 1920, about 9 or 10 per cent.

Senator REED. What was it in 1918?

Mr. LEVY. About 7 per cent.

Senator REED. So with 60 per cent tariff, you can not make but 7 to 8 per cent?

Senator SMOOT. It is 35 per cent tariff.

Mr. AMBERG. We were not competing, Senator, at that time at all. There was not a question of tariff entering it; that was direct American competition. We only made 8 or 10 per cent.

The CHAIRMAN. Have you ever made more than 10 per cent in the industry?

Mr. AMBERG. I presume some manufacturers make more.

The CHAIRMAN. How much more?

Mr. LEVY. Again, I can not say; perhaps as high as 20 per cent. I do not believe more than that.

Senator REED. Let us see where we come out. There are 4,000 people employed in this business of making dolls. Fifteen million babies need them, and the 4,000 employees have got to be protected to the extent of 60 per cent in order to exist at all. Would it not be better to put them somewhere in an institution, rather than pay high wages out of these profits than soak everybody in the United States for a much larger amount.

Senator McLEAN. How many employees are there in the whole industry?

Mr. LEVY. It is estimated at between 25,000 and 40,000 last year.

Senator REED. I thought you said 4,000.

Mr. AMBERG. Dolls.

Senator REED. I am speaking of dolls.

Mr. AMBERG. Are you not opening up the whole question of protection, Senator?

Senator REED. I want to know how much you want to tax the people of the United States to support these 4,000 employees?

How much are these dolls? What do they bring now?

Mr. AMBERG. I naturally do not know how to answer you.

Senator REED. Do you know what the doll trade amounts to in the United States?

Mr. AMBERG. How much sales?

Senator REED. Yes.

Mr. AMBERG. About \$13,000,000 or \$15,000,000 for 1920.

Senator REED. Let us see. Say, \$15,000,000 to make it easy figuring. What is 60 per cent of that total you say you would have to have in order to live? They could get it 60 per cent lower from

Germany. That would be \$9,000,000. You want to tax the people \$9,000,000 on behalf of 4,000 employees. What is their total wages?

Mr. AMBERG. If you please, I was urged and requested and begged to stay on the subject, and I am here being catechized on the general tariff and general protectionist proposition.

Senator REED. I want to know how much the total wages of these 4,000 employees is?

The CHAIRMAN. We are not here listening to a protectionist argument.

Senator REED. What do they get a year on the average?

Mr. AMBERG. I would say about—

Senator SMOOT (interposing). The only question we want to decide is the equalization of exchange.

Senator REED. I know, but this goes into that. It may be that this gentleman's argument comes to naught because he may be wanting something for a business that ought not to be even considered.

Mr. AMBERG. I was trying to show that if we are not to be considered, there are many industries that deserve no more consideration than we do, because we must fight this disparity in the German market, and the difference in purchasing power of the mark is about 8 cents against—

Senator REED (interposing). The total wages at a thousand dollars a year would be \$4,000,000.

Mr. AMBERG. That would be about 5 per cent.

Senator REED. I figure \$1,000 a year, and the tax would be \$9,000,000.

Senator SMOOT. As to the \$15,000,000, did you not produce \$15,000,000 of dolls in this country? You asked what the sale of dolls was in the United States—that is, all manufactured in this country.

Senator REED. Very well. He wants to add 60 per cent to their value.

Mr. AMBERG. Frankly, I do not pretend to be an expert, and I am standing on the argument you asked me to present.

Senator McLEAN. Here is the Government appraiser who testified regarding two important staple articles, like chinaware, and he said the German chinaware was selling before the war at 4 marks and is now sold in the United States at \$2.50, and in the home market at 60 marks.

Mr. AMBERG. I am sure I do not know about that.

Senator McLEAN. Table cutlery. Do you know anything about that?

Mr. AMBERG. No, frankly.

Senator McCUMBER. Mr. Amberg, let me call your attention to a telegram which I received yesterday from the committee, which read:

HON. P. J. McCUMBER,
United States Senate, Washington, D. C.:

Shocked to know. Have heard no sentiment favoring currency provision. Will you not give American manufacturers and associations opportunity plead cause same as allowed foreign importers.

LEO SCHLESINGER & Co.,
Metal goods manufacturers.

That was in response to telegram from our chairman, which read:

LEO SCHLESINGER & Co.,
66 Wooster Street, New York:

Your telegram to Senator McCumber has been referred to me as chairman of the Finance Committee. The committee will be glad to hear you to-morrow, Tuesday, April 26, at 10.30 a. m., Senate Office Building, Washington, as requested.

BOIES PENROSE, *Chairman*.

It was in response to that telegram that you were invited to give your testimony.

Mr. AMBERG. Yes, sir.

Senator McCUMBER. And you have not had an opportunity to give it so far, I think we must admit. Now, I wish you would hold to that subject just a minute, and give us what you think you ought to give us concerning the currency provision that is in this bill.

Mr. AMBERG. I am anxious to do that, and to continue to do that and nothing else.

Senator McCUMBER. I am trying to help you out.

Mr. AMBERG. Thank you, very much.

Now, as I have shown you, in every industry the tremendous disparity, the tremendous difference in price paid in wages in Germany against the wages paid for practically the same labor in the United States, is about seven to one. For that reason, as I pointed out to you, in that unequal condition it is impossible for our manufacturers and the German manufacturers to practically get together on a competitive basis. They have got us, so to speak, backed off the map, because of that one condition which goes into the manufacture of any product.

Now, even then the comparison of the average American wage of \$37 a week against \$5.36 is not the real index, for the reason that in most industries the German works 10 hours against the American's 8 hours. So that we have the American workingman's wages about seven times that of the German's, and in the hours the actual condition is ten against eight. It is about nine times.

I can bring you the same experience as to Italy. To get at it quickly, in 22 industries competing with practically the same labor, the average American wage in dollars is \$32.30 a week against the Italian wage of \$3.41. It is about nine times.

In Austria and Czechoslovakia the comparison shows, as we might expect, a greater discrepancy. There we have an average of wages for American workingmen of \$35 per week against \$2.49. There is 14 times the amount of wages paid in the United States for the same labor as in Czechoslovakia and Austria.

It is axiomatic that the greatest element in all products, from raw material up to the finished, is labor. These figures are not to be laid aside, and they show the tremendous handicap under which the American producer is laboring, in comparison with Central Europe. German wages are perhaps 11 per cent, Italian, 10 per cent, and Austria and Czechoslovakian about 7 per cent.

In the matter of raw materials, those materials that are indigenous to Germany, we are confronted with almost an insurmountable wall in the matter of competition. These countries have all the best of the rest of the world where they use their native materials.

The CHAIRMAN. Such as what?

Mr. AMBERG (indicating a tin trumpet). Take this one example of metal.

Senator REED. What kind of metal?

Mr. AMBERG. From a steel locomotive down to a tin trumpet.

The CHAIRMAN. We have those metals, have we not?

Mr. AMBERG. So we have, but they can get them at that lower value, and for that reason they have that advantage of us.

The CHAIRMAN. Does it not take more marks than it used to?

Mr. AMBERG. Yes; about three or four times as many, but not sixteen times as many. It is just the difference between seven and a half and twenty-four.

Senator REED. Take that trumpet. Do you make that kind of a trumpet in this country?

Mr. AMBERG. Yes, sir.

Senator REED. Of the same material?

Mr. AMBERG. Very similar.

Senator REED. The material in that trumpet did not cost very much, so little you can hardly estimate it?

Mr. AMBERG. That is better material than the American. We have not got that material in this country. It is a certain preparation they have over there that we can not make nor get.

The CHAIRMAN. Can you not get a preparation that will make just as much noise?

Mr. AMBERG. Yes; we have that.

If you please, Mr. Senator, there was one instance in England I might call attention to. Germany sold to India, a British colony, 20 locomotives at a lower price than Great Britain could sell them. Their industries used their own coal and labor and raw materials, and the rest of the world had no opportunity to compete.

Senator REED. What is coal worth over there?

Mr. AMBERG. I do not know offhand. It is worth 38 cents per hundredweight, \$7.60 per ton.

Senator REED. You can get it over here for \$2.25.

Mr. AMBERG. Can you?

Senator REED. Plenty of it.

Mr. AMBERG. If that is true, with the higher coal and lower labor and lower material they are nevertheless able to compete, and have us at a tremendous disadvantage.

I can give you some of the arguments from the industrial data gathered by the large financial concerns in New York.

The CHAIRMAN. Do not go at length into that.

Mr. AMBERG. Not at all. A five-room apartment in Germany, according to German regulations, costs \$2.40 a month, on the average, or 150 marks. I think they have us there.

Senator McCUMBER. I am afraid you are leaving your subject of the disparity between the coinage. Was not that the chief thing there?

Mr. AMBERG. I am trying to show the effect that situation has on the American product, due to the fact that labor and material and the cost of living is much lower there.

The CHAIRMAN. We will concede that. Let me ask you one question, and then perhaps we can close the hearing.

Mr. AMBERG. Very well.

The CHAIRMAN. Would it help you any if the ad valorem rate was computed upon the foreign market value or export value, whichever might be higher?

Mr. AMBERG. The foreign market value of what?

The CHAIRMAN. Of the article.

Mr. AMBERG. In their own coinage?

The CHAIRMAN. No.

Mr. AMBERG. The American value of the foreign article?

The CHAIRMAN. Yes.

Mr. AMBERG. That would in every case be just the competitive basis we are looking for, nothing else. I am afraid, if I may be so bold to suggest it, it would be very difficult to regulate or construe.

The CHAIRMAN. It would, but I wanted to make that inquiry.

Mr. AMBERG. All we want is a fair and square possibility to compete, which we can not do at this time.

The CHAIRMAN. The Senate is in session, and the committee has been rather liberal with its time. Unless you have something that is essential, I think we had better close the hearing.

Senator REED. Mr. Chairman, will you permit me to ask one question?

The CHAIRMAN. Yes.

Senator REED. What kind of employees do you have making dolls? Men, women, or children, or all three?

Mr. AMBERG. All three.

Senator REED. A portion of them are girls and boys?

Mr. AMBERG. It is very small. About 75 per cent are men. There is a certain amount of work done by girls, operations on the dresses and such as that.

Senator REED. About 25 per cent girls and about 75 per cent men?

Mr. AMBERG. Yes, sir; that includes males and females.

The CHAIRMAN. What proportion of the work is done in the household, what they call "household industry"?

Mr. AMBERG. Almost none, in the State of New York.

The CHAIRMAN. I am speaking of Germany.

Mr. AMBERG. The greater portion of it.

The CHAIRMAN. Is it a household industry?

Mr. AMBERG. Yes; household industry which is not done in New York, and can not be done.

Senator CALDER. It is forbidden by law, is it not?

Mr. AMBERG. Yes, sir; it is forbidden by law.

The CHAIRMAN. Then, comparison of the cost of labor is almost impossible, when you consider the household industry?

Mr. AMBERG. Yes; and the average German workman—man, not woman—is now earning in the factories not over 250 marks a week, or \$3.90, and our average for 1920 was \$29. There is a comparison of \$3.90 against \$29 in the doll industry.

Senator SIMMONS. Where do you get the idea of the wages paid in Germany? You estimate the mark at 1.6 cents?

Mr. AMBERG. Yes, sir; a little over that. It is estimated in these figures at 1.66 cents.

I have nothing further to point out excepting this, and it is gathered from the report of the Sonnenburg Chamber of Commerce, Germany. Sonnenburg is the heart of the doll district, in the Black Forest district, where all German dolls are made. The Sonnenburg district points out that the nations of the world are doing their best to protect

themselves against the German industry. That is a German statement, so I believe it is pretty near correct. Italy is taking no German toys; Norway is admitting no German toys; Belgium is not dealing in German toys; Poland has a prohibitive duty upon them; Czechoslovakia, the duty is practically prohibitive except on one small item; France, as we know, now has a 50 per cent reparation duty, as has England, which, if you please, amounts right now to a 100 per cent customs duty, because whenever they send 200 pounds worth of dolls or toys or any commodities from Germany to England, the British Government says, "We will retain 100 pounds." In yesterday morning's prints Spain has come forward and said they will protect their industries against this terrible disparity, the difference between the purchasing power of the mark in Germany and in Spain and the rest of the world.

So, gentlemen, if you please, we stand almost alone in the matter of not protecting our industries against this inequality that Germany is mighty glad to have existing over there, perhaps 7 or 8 or 9 cents for a mark in purchasing food or labor or material against a mark worth in this country 1½ cents.

Senator SIMMONS. If the purchasing power of the mark is 8 cents, why should you not calculate your wage scale over there on the 8 cents basis?

Mr. AMBERG. Because it is less. Well, I can.

Senator SIMMONS. I mean for the purpose of comparing the wage cost there and here. If you contend the purchasing power of the mark in Germany is 8 cents, why do you not compute the labor on that basis?

Mr. AMBERG. I will gladly do so. Instead of \$5.30 a week in Germany the average wage is about \$26.50, against the American average wage of \$37.00.

Senator SIMMONS. That is more nearly equal.

Mr. AMBERG. Yes; that is more nearly equal.

The CHAIRMAN. Is that all?

Mr. AMBERG. If you please, that is final.

Senator DILLINGHAM. In connection with this, I ask to introduce and have incorporated in the record a letter from the C. E. Bradley Corporation, and a letter from the Newton & Thompson Manufacturing Co., both corporations in Vermont, who are manufacturing wooden novelties and toys. In each of these letters they refer to the difficulties they are meeting with in the matter of competition.

The CHAIRMAN. The letters will be inserted in the record.

(The documents referred to are here printed in full, as follows:)

BRATTLEBORO, Vt., April 4, 1921.

HON. WILLIAM P. DILLINGHAM,
United States Senate, Washington, D. C.

DEAR SIR: We wish to express upon you that the importation of German merchandise is simply eating the heart of our continent and would urge you to use your best endeavors in—

First. The prompt enactment of an antidumping bill to protect American industries against the delivery of foreign merchandise in this country at prices below the cost of production here.

Second. The enactment of special legislation which shall make the ad valorem rate of duty in the 1913 tariff applicable to American values instead of foreign values.

Third. The drafting of a new tariff law which shall be passed as promptly as possible in which toys shall be given adequate protection.

Just to show the difference between our cost and the price of German artist handles for small brushes like the inclosed 10-inch handle, the lumber for making 144 of these actually costs us 52 cents per gross. Complete cost, including overhead, is \$1.26. These handles cost the Baker Brush Co., 83 Grand Street, New York City, 26 cents per gross landed in New York. In other words, their cost is practically one-half the cost of our material. These handles are made by Christopher Doring, Lauf, Nuremburg, Germany. In this department last year our approximate shipments were \$6,000 a month; to-day they are nothing.

At the toy fair in the Imperial Hotel, which lasted from the 1st of February until the middle of March, our sales this year were \$20,000 against \$80,000 a year ago, in spite of the fact that some of our items have been reduced 33½ per cent. Some of our biggest customers when the toy fair was on were in Europe.

Anything you can do to protect us will be appreciated.

Yours, very truly,

C. E. BRADLEY CORPORATION,
I. C. BRADLEY, *President.*

BRANDON, VT., *March 25, 1921.*

Hon. WM. P. DILLINGHAM,
Waterbury, Vt.

DEAR SIR: We wish to call your attention to the toy trade, especially to the competition which we are getting from Germany and other foreign countries, but especially Germany.

There has recently come into the market several German items and they are from 60 to 70 per cent below our prices of this year. We wish to say that we have already deflated our own prices to the extent of about 25 per cent.

We would call your attention particularly to our No. 122 numeral frames. This is a regular 25-cent item, as you will see in the little pamphlet of our toy line which we are inclosing.

This item we are compelled to sell at present at \$18 per gross, and is practically our bottom price. Germany is at the present time putting an article onto the market which consists of two more rows of beads and same is printed with the alphabet and numbers, and is decidedly a better proposition all around than our \$18 item, and are offering it at \$12 per gross laid down at New York.

This practically applies to all of our line of toys, and we would appreciate anything that you could do which would have a tendency to raise the tariff of this line of merchandise.

Respectfully, yours,

NEWTON & THOMPSON MANUFACTURING CO.,
By L. C. BUMP.

Senator REED. Is this reparations duty now levied on anything we send in there?

Mr. AMBERG. Everything that goes into France.

STATEMENT OF MR. H. D. BOWIE, REPRESENTING DOLL AND STUFFED TOY MANUFACTURERS' ASSOCIATION, OF NEW YORK.

Mr. BOWIE. I would like to call attention to the condition of the doll business in New York existing at the present time. It is a business which started in 1914, at the outbreak of the war, and now exists under the 35 per cent Underwood tariff. That business has grown to a proportion which might be said to be a \$10,000,000 business, and we pay high and good wages for our work. At the present time about 100 factories are closed, about a dozen have either failed or gone out of business, and the total booking of orders of the remaining houses in business is hardly 5 per cent of our bookings in previous years.

Senator CALDER. Since 1914.

Mr. BOWIE. Since 1914. There is no question in my mind that the tariff on dolls will be changed in our favor. We need it, and we feel sure we are going to get it. But between the time of our salvation, whatever that may be, and the present time, which happens to be

the buying season for dolls and toys, instead of the American buyer getting his dolls in this country, he is going to Europe and getting them at a price much lower than we can produce them. They know, and every importer knows, that after September there will be a change in the tariff, and I am willing to say that the amount of merchandise that would be jammed into this country by German manufacturers and importers between now and September will supply this country with toys for years. If there ever was a time when there was an emergency, if there ever was a time when something ought to be done, it is now. I can not give a discussion on values, but I know, and every manufacturer in New York knows that something must be done. This 66½ clause would have changed things for the better. We think we have a good business. The question is to keep out German goods, at least to the extent where we can fairly compete with them. We need it. We need something. A compromise has been suggested, that instead of 66½ it might be 70 or 80, but there should be some emergency measure that will drive the American buyers back to the American market, and give the American manufacturer a fair chance to compete with Germany. I have been in the business 25 years, and it looks good enough to go back into it, but we can not under present conditions.

Senator REED. Do you know of anything that can not be bought in Europe cheaper than in this country, anything in the way of manufactured goods?

Mr. BOWIE. I know only about dolls.

Senator REED. You do not know about anything else?

Mr. BOWIE. No, sir.

Senator SIMMONS. We have had some experts here, some of whom were appraisers. They were giving us the price and prices at which German goods were imported to this country. They said that on the average, as I understood them, that these prices, stated in marks, were reduced to American money at 1.6 cents, and were higher than the prices charged for those same goods before the war. Now, calculating a mark upon the basis of 8 cents instead of 1.6 cents, the price of German goods coming in here now would be about 400 per cent higher than they were before the war.

Mr. BOWIE. It would increase the retail price 100 per cent.

Senator SIMMONS. If these goods were invoiced in marks, and the marks were reduced to the gold basis, they are higher than they were before the war. Now, if in reducing to the gold basis you allow 8 cents instead of 1.6 cents, would not the prices at which they would be invoiced and pay duty upon be about 400 per cent higher than the prices on which they paid duty before the war?

Mr. BOWIE. No, sir. The mark is about 1½ cents. I think the exact figures now are 1.62. If you made them 8, that is five times 1.62. Therefore, it would increase the duty five times, and where the present duty is 25 it would increase it to 1.75.

Senator SIMMONS. What you want these German goods valued at, for the purpose of imposing duties upon them, is about 400 per cent higher than they were before the war?

Mr. BOWIE. Yes. No; we want this bill as it is written. I really would not care.

Senator SIMMONS. That, interpreted into common parlance, means that unless German goods are sold at 400 per cent more than at what they were sold before the war you can not compete with them?

Mr. BOWIE. Not exactly. Take the article that costs a dollar in Germany to-day, in American value, with a 35 per cent duty. Increase that 400 per cent, and that means 400 per cent of 35, or about 140 per cent. That would then be an indirect duty of \$1.40, and would bring the article in this country up to \$2.40.

Senator SIMMONS. You want that 35 per cent duty applied to German goods increased to 400 per cent of what it was before the war?

Senator CALDER. Four times what it was before the war.

Senator SIMMONS. Four times what it was before the war.

Mr. BOWIE. There is absolute necessity of some action.

Senator CALDER. This increased duty would apply on dolls coming from France, would it not?

Mr. BOWIE. Yes, sir.

Senator CALDER. Can you compete with England and France at 35 per cent?

Mr. BOWIE. The exchange is not the same.

The conditions of manufacturing in Germany in the doll line are very different from what they are over here. They have over there the home industry, where the smallest child and the old grandmother all do some work around the home. One little girl will comb a wig, another will decorate a head, and so on.

Senator SIMMONS. They did that before the war, did they not?

Mr. BOWIE. It is the same now; always has been.

Senator SIMMONS. What was the Payne-Aldrich duty on dolls?

Mr. BOWIE. It has always been 35. There was no doll industry in America before the war.

Senator SIMMONS. The doll industry is protected the same in Germany now as when the Payne-Aldrich bill was in effect?

Mr. BOWIE. And always will be. The doll industry was built up in America in factories conducted under the New York State labor law, that pay good wages.

Senator CALDER. I understood you to say that under the 35 per cent duty in the Underwood Act we had no doll industry.

Mr. BOWIE. There was none.

Senator CALDER. You want the American babies to play with American dolls rather than German dolls?

Mr. BOWIE. We have sold a good many on that plea, and it is a good one.

I think something should be done, and I feel sure this 66½ will not be left out, but will be handled in some way to our protection for the next three months.

I thank you very kindly.

The CHAIRMAN. The hearings will close, and the committee will hold an executive session to-morrow morning at half past 10 o'clock and will be glad to have such of the Government experts as are convenient and available here at hand.

The members of the Tariff Commission are thanked for their courtesy, and word will be conveyed to them if their presence will be necessary.

The committee will stand adjourned until half past 10 o'clock to-morrow morning.

(Thereupon, at 12.20 o'clock p. m., the committee adjourned to meet again in executive session on Wednesday, April 27, 1921.)